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STATE OF INDIANA  
LAKE COUNTY  
FILED FOR RECORD

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MICHAEL A. BROWN  
RECORDER

**REAL ESTATE LEASE WITH OPTION TO PURCHASE**

**This LEASE WITH OPTION TO PURCHASE**, is made and entered into by and between the CITY OF GARY, INDIANA, a municipal corporation (the "City"), and LIGHTHOUSE ACADEMIES OF INDIANA, INC, 1661 Worcester Road, Suite 207, Framingham, MA 01701 (the "Lessee/Purchaser").

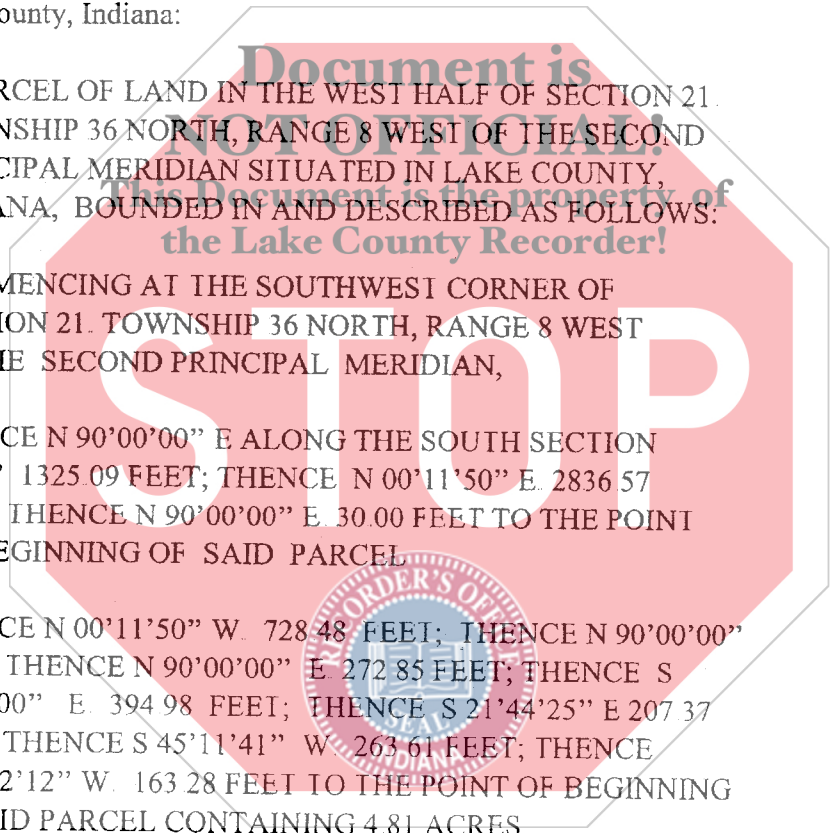
The City, in consideration of the rent and mutual promises and covenants herein contained and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, hereby agrees to lease with option to purchase to Lessee/Purchaser, and Lessee/Purchaser agrees to let with option to purchase from the City, the following described premises (the "Premises"), "as is", being real estate (including any improvements and ancillary facilities now or hereafter located on it) in Gary, Lake County, Indiana:

A PARCEL OF LAND IN THE WEST HALF OF SECTION 21, TOWNSHIP 36 NORTH, RANGE 8 WEST OF THE SECOND PRINCIPAL MERIDIAN SITUATED IN LAKE COUNTY, INDIANA, BOUNDED IN AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SECTION 21, TOWNSHIP 36 NORTH, RANGE 8 WEST OF THE SECOND PRINCIPAL MERIDIAN,

THENCE N 90°00'00" E ALONG THE SOUTH SECTION LINE, 1325.09 FEET; THENCE N 00°11'50" E, 2836.57 FEET; THENCE N 90°00'00" E, 30.00 FEET TO THE POINT OF BEGINNING OF SAID PARCEL.

THENCE N 00°11'50" W, 728.48 FEET; THENCE N 90°00'00" FEET; THENCE N 90°00'00" E, 272.85 FEET; THENCE S 00°00'00" E, 394.98 FEET; THENCE S 21°44'25" E, 207.37 FEET; THENCE S 45°11'41" W, 263.61 FEET; THENCE N 74°02'12" W, 163.28 FEET TO THE POINT OF BEGINNING OF SAID PARCEL CONTAINING 4.81 ACRES.



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JD.

The street address of the Premises is 3201 Pierce Street, Gary, Indiana 46408. The Premises contains approximately 4.1 acres of land and a single-story building of approximately 22,000 square feet.

### I. JOB CREATION

The proposal of Lighthouse Academies of Indiana, Inc. (the "Lessee/Purchaser") has been determined to meet the eligibility requirements of section 570.203 (B) of the Community Development Block Grant Regulations. At least fifty one per cent (51%) of the jobs to be created by the proposal must be filled by or made available to low- and moderate-income persons for a period of five (5) years.

(a) In furtherance of this objective, the Lessee/Purchaser shall hire the specified number of employees over a set period of time, as set forth in the table below. At least 51% of the subject employees shall come from low and moderate income families at the time that they are hired or 51% of the jobs shall be made available to persons from low and moderate income families.

Position	Salary Level	Number of Positions				
		2005-6	2006-7	2007-8	2008-9	2009-10
Principal	\$85,000.00	1	1	1	1	1
Professional Development Coordinator	60,000	0.5	0.5	1	1	1
Office Manager	35,000	1	1	1	1	1
Teacher Salaries	40,000	12	14	16	18	20
Specialist Teachers	40,000	2	2	2	3	4
Special Education Teacher	40,000	1	1	2	2	2
Special Education Director	40,000	1	1	1	1	1
ELL Teacher	40,000	1	1	1	1	2
Teacher Assistants	25,000	1	1	2	2	3
Librarian/Technologist	40,000	0	0	0.5	1	1
Custodians	25,000	1	1	1	2	2
<b>Total</b>		<b>21.5</b>	<b>23.5</b>	<b>28.5</b>	<b>33</b>	<b>38</b>

(b) The Lessee/Purchaser shall maintain documentation indicating that at least 51% of the jobs will be held by, or made available to, low- and moderate-income persons. Lessee/Purchaser hereby represents and asserts that many staff positions must be filled by persons with appropriate state certification; and the best interests of the students will be considered in all hiring decisions.

(c) The Lessee/Purchaser shall take actions to ensure that low- and moderate income persons receive first consideration for filling the jobs.

(d) In determining whether a job is made available to or held by a low- or moderate-income person, the Lessee/Purchaser may presume that a person is low- or moderate-income if he or she resides in a census tract that meets certain requirements; or resides in a census tract with at least seventy per cent (70%) low- and moderate-income persons.

(e) The Community Development Department ("C.D. Department") shall take actions to ensure that the Lessee/Purchaser will work with certain institutions that service the low- and moderate-income population, including Work-One, various colleges and universities, and other entities. The C.D. Department will be looking at the hiring potential of students and recent graduates, who may be low- and moderate-income, individuals, to fill positions at the charter school.

(f) The C.D. Department will develop monitoring reports which must be submitted by the Lessee/Purchaser on a semi-annual basis. The monitoring reports shall be due on January 10<sup>th</sup> and June 10<sup>th</sup> of each year during the five-year (5/yr) monitoring period.

(g) During the first 30 to 60 days of the start of operations of the charter school, the C.D. Department will schedule an on-site monitoring review, to be conducted within the same time period. For the first school year of operation, monitoring reviews will be conducted in October and May; and in subsequent years, as scheduled

(h) Should this Lease be terminated or abandoned by the Lessee/Purchaser prior to the term for any reason, the Lessee/Purchaser shall provide at least thirty (30) days written notice of the abandonment to the City. In such event, Lessee/Purchaser shall provide a comprehensive close-out report to City and shall provide City with access to all its records/files prior to its departure; to enable the City to conduct a close-out review and audit.

## II. TERMS AND CONDITIONS

The Lease with Option to Purchase is upon the following terms and conditions:

### SECTION 1. TERM.

1.01 The term of this Lease shall be for seven (7) years, beginning on the 1<sup>st</sup> day of August, 2005 (Lease Commencement Date) and ending on the 1<sup>st</sup> day of August, 2012. City shall deliver space (possession) to Lessee/Purchaser at least one hundred twenty (120 days) prior to the Lease Commencement Date. It is understood and agreed upon by all parties that all terms and conditions of this lease with option to purchase shall be in full force and effect during the Lessee/Purchasers occupancy and or possession of the Premises.

**SECTION 2. RENT AND MANNER OF PAYMENT.**

2.01 Lessee/Purchaser shall pay City total rent in the sum of one hundred sixty six thousand four hundred and 04/100 dollars (\$166,400 04) per year, payable in installments of thirteen thousand eight hundred sixty six and 67/100 dollars (\$13,866 67) per month, with the first payment being due and payable on the 1<sup>st</sup> day of August, 2005. Subsequent installments shall be paid on the same day of each month thereafter during the Lease term

2.02 Lessee/Purchaser's failure to pay the full amount of any installment on or before the due date shall be an event of default under this Lease with Option to Purchase, as hereinafter provided. In addition, if the full amount of any installment is not actually received by City on or before the fifth (5<sup>th</sup>) day after it is due, then a late charge in a sum equal to five per cent (5%) of the unpaid amount of each installment shall accrue and be immediately due and payable

2.03 All sums payable to City under this Lease with Option to Purchase shall be paid to the following address: Vanesse Dabney, Executive Director, Department of Redevelopment, 839 Broadway, 2<sup>nd</sup> Floor, Gary, Indiana 46402, or at such other address as City shall designate in writing delivered to Lessee/Purchaser.

**SECTION 3. DEPOSIT** **The deposit is the property of the Lake County Recorder!**

3.01 Within ten (10) business days of execution of the Lease with Option To Purchase, Lessee/Purchaser shall deliver to an escrow agent of the parties' choosing, an irrevocable Letter of Credit in the name of the City of Gary, Indiana, or cash in an amount equal to three (3) months of the proposed rent or forty one thousand six hundred and no/100 dollars (\$41, 600 00), which shall serve as the security deposit and the first and last months' rent. In the event Lessee/Purchaser defaults in the performance of any of its obligations under the Lease with Option to Purchase, Lessee/Purchaser shall have the right to call upon and demand payment of the deposit. In the event that the Lessee/Purchaser's (default) damages exceed the amount of the deposit, said deposit shall not constitute full, complete and liquidated damages to City on account of the Lessee/Purchaser's default

**SECTION 4. PURCHASE OPTION.**

4.01 The City warrants and represents that it has marketable title in fee simple to the Premises (Real Estate); and has the authority to lease this property and offer it for sale

4.02 Lessee-Purchaser shall have an immediate, exclusive ongoing option (the "Option") to purchase the Premises at a price of one million one hundred seventy thousand and no/100 dollars (\$1,170,000) under the terms and conditions of this Lease with Option to Purchase.

4.03 Unless exercised prior thereto, the Option shall expire on the 1<sup>st</sup> day of August, 2012 at 5:00 p.m. (local time).

4.04 Lessee/Purchaser may exercise the Option by giving notice to City before expiration of the Option. Any notice provided under this Agreement shall be in writing and given to the other party at the party's address set forth herein, or at such other address as a party may designate in a notice. Notice shall be deemed given when (a) personal service of the notice is made on the party to be notified; (b) the notice is mailed to the party to be notified by means of certified or registered U.S. mail, return receipt requested, postage prepaid; or (c) if the notice is sent to the party to be notified by express courier, or such other similar carrier guaranteeing next day delivery. Refusal by a party to accept delivery of a notice (whether by mail or otherwise) cannot defeat the giving of a notice.

4.05 All sums paid hereunder shall be credited against the purchase price if the Option is timely exercised.

4.06 If Lessee/Purchaser is not in default under this Lease with Option to Purchase and exercises its Option to Purchase in a timely manner, the City shall furnish the Lessee/Purchaser with an Owner's title insurance policy disclosing marketable title to the Real Estate to a date sixty (60) days prior to the date the final payment under this Agreement is due. A title insurance policy furnished under this Agreement shall be in the amount of the purchase price and shall be issued by an insurer satisfactory to Lessee-Purchaser. Any additional title evidence shall be expense of the Lessee-Purchaser.

#### SECTION 5. ASSIGNMENT.

5.01 This Lease with Option to Purchase may be assigned to any entity owned or controlled by Lighthouse Academies of Indiana, Inc. and/or its principals for the purpose of operating a charter school. Lessee/Purchaser shall have the right to assign this Lease with Option to Purchase to Charter School Development Corporation ("CSDC"). CSDC is a tax-exempt 501 (c) (3) District of Columbia non-profit corporation. Such assignment shall not release the Lessee/Purchaser from its obligations and covenants under this Lease with Option to Purchase.

5.02 The consent of City to an assignment or subletting of this Lease with Option to Purchase to CSDC shall not be construed to relieve Lessee/Purchaser from obtaining City's written consent to any subsequent or other assignment or subletting.

5.03 If this Lease with Option to Purchase is assigned, or if the Premises or any part thereof is sublet, or occupied by a party other than Lessee/Purchaser, City may, after default by Lessee/Purchaser, collect rent from the assignee, subtenant or occupant as the case may be, and apply the amounts so collected to the rent herein reserved. No such assignment, subletting, occupancy or collection shall be deemed to be a waiver of this covenant, or the acceptance of the assignee, subtenant, or occupant as a tenant, or a release of the Lessee/Purchaser from his further performance of the covenants contained in this Lease with Option to Purchase.

## SECTION 6. USE OF PREMISES.

6.01 Lessee/Purchaser shall use the Premises to operate the Gary Lighthouse Charter School.

6.02 Lessee/Purchaser requires the right to utilize modular units for additional classroom space to be placed on the Premises to accommodate its anticipated growth needs. Lessee also requires the right to construct another building on the Premises to meet such growth needs. Any permanent construction of improvements shall be subject to written approval of City, which approval shall not be unreasonably withheld, delayed or conditioned.

6.03 Lessee shall not use, or permit the use of, the Premises for any unlawful purpose or in violation of any law, order or regulation of any governmental authority or any restrictive covenant relating to the use or occupancy of the Premises.

6.04 Lessee/Purchaser agrees to comply with all applicable Federal, State and Local environment laws and regulations, including those relating to air and water pollution control and prevention, and disposal of any and all hazardous waste or substances. Lessee/Purchaser agrees to hold City harmless from any liability under said laws and regulations, provided that the alleged violations are not the City's fault.

6.05 As long as Lessee/Purchaser is not in default under this Lease/Option to Purchase, Lessee/Purchaser shall be entitled to peaceably possess, hold and enjoy the Premises.

6.06 Lessee/Purchaser shall pay directly to the utility companies all charges for the following utilities, services and equipment: Heating System, Air Conditioning Equipment, Sewerage System, Electrical System, Water System, Trash Removal and Snow Removal incurred during the Lease term. Lessee/Purchaser shall provide all site security, and maintenance of the facility, equipment and grounds.

6 07 Lessee/Purchaser shall not permit any waste or misuse of the Premises.

**SECTION 7. LESSEE ACCEPTS PREMISES.**

7 01 Lessee/Purchaser has inspected the Premises and is satisfied with its physical condition Except as otherwise specified in this Lease/Option to Purchase:

(a) Lessee/Purchaser's taking possession of the Premises shall be conclusive evidence of receipt thereof in good order and repair; and

(b) Lessee/Purchaser acknowledges that neither City nor any of City's agents has made any representation as to the condition or state of repair of the Premises or made any agreements or promises to repair or improve it either before or after execution of this Lease with Option to Purchase.

**SECTION 8. REPAIRS AND MAINTENANCE.**

**8.01 Lessee/Purchaser's Obligation.**

Lessee/Purchaser agrees, at Lessee/Purchaser's sole expense, to keep in good repair and working order (except to the extent damaged by City's fault):

(a) all structural portions of the Premises, including (without limitation) foundations, walls, floors, stairways, roof and exterior portions thereof; and

(b) all electrical, gas, water, central heating, central air conditioning, and plumbing equipment and appliances.

**8.02 Additional Lessee/Purchase Obligations.**

Lessee/Purchaser further agrees:

(a) to keep, at Lessee/Purchaser's expense, the Premises in a clean, sightly and healthful condition,

(b) to make, at Lessee/Purchaser's expense, all repairs which are necessary to maintain the Premises in good repair and condition;

(c) to comply with all statutes and ordinances concerning the maintenance and repair of the Premises; and

(d) at the end of the term or any holdover of this Lease, to quit or vacate the Premises and to surrender to City possession of the Premises in as good repair and condition as existed at the date of execution of this Lease, reasonable wear and tear excepted (in the event that the Option to Purchase is not exercised under the terms and conditions herein)

**8.03 City's Right to Perform Lessee/Purchaser's Obligations.**

If Lessee/Purchaser fails to perform its obligations under this Lease with Option to Purchase, City or City's agents may perform such obligations on behalf of Lessee/Purchaser. In addition to the deposit hereby reserved, Lessee/Purchaser shall pay City, upon demand, the expenses which City incurred in performing Lessee/Purchaser's obligations.

**8.04 City's Right to Enter Premises.**

City or City's agents shall have the right to enter the Premises (without causing or constituting a termination of this Lease with Option to Purchase) at all reasonable times for the purpose of examining its condition or use, and of performing Lessee/Purchaser's obligations (pursuant to Subsection 8.03).

**SECTION 9. INSURANCE.**

9.01 Any and all insurance, required to be obtained by the Lessee/Purchaser and/or the City under this Agreement, shall remain in full force and effect for the full term of the lease.

**SECTION 10. ALTERATIONS.**

10.01 Without City's prior written consent, Lessee/Purchaser shall make no **material** alteration of or addition to the Premises (excluding painting, wallpapering and carpeting). Such consent shall not be unreasonably withheld, delayed or conditioned.

10.02 Should City elect to give such consent, Lessee/Purchaser shall protect, indemnify and save City harmless against:

- (a) any lien for labor or material furnished, or
- (b) any claim which any contractor, subcontractor, lessor of equipment, journeyman or laborer may have under law against an owner of real property for services, material or machinery, or
- (c) any liability for personal injury or damage to property associated in any way with any alteration or addition.

10.02.1 The Lessee/Purchaser shall permit or allow no lien to attach to the Premises. Lessee/Purchaser shall not have the authority to bind City or otherwise contract with third persons on behalf of City for any purpose, whatsoever. Likewise, Lessee/Purchaser shall not encumber or cause encumbrances or liens to attach to City property by reasons of acts or omission of the Lessee/Purchaser.

10.02.2 The Lessee/Purchaser shall deliver to the City a complete release of all liens arising out of any alterations or additions to the Premises, or receipts in full in lieu thereof and, if required in either case, an affidavit that so far as he has knowledge or



information, the releases and receipts include all labor and material for which a lien could be filed. But Lessee/Purchaser may, if a contractor refuses to furnish a release or receipt in full, furnish a bond satisfactory to City, to indemnify it against any lien. If any lien remains unsatisfied after all payments are made, Lessee/Purchaser shall pay to City all monies that the latter may be compelled to pay in discharging such lien, including all costs and reasonable attorney's fees.

10.03 City may also require Lessee/Purchaser to furnish security, insurance, or other assurance as City may reasonably require to protect City against the liens, claims and liabilities described in Subsection 10.02, and to assure that the work will be performed in a lawful and workmanlike manner, and with proper materials

10.04 Lessee/Purchaser shall be responsible for providing hazard insurance, at his cost, on any project structure during the performance of this Agreement. Proof of such insurance, in an amount acceptable to the City, shall be provided prior to commencement of the project.

10.05 Upon the termination of this Lease with Option to Purchase, or when Lessee/Purchaser abandons, quits or vacates the Premises, whichever shall first occur, any alteration or addition made pursuant to this Section shall become City's property and shall remain upon the Premises, all without compensation, allowance or credit to Lessee/Purchaser. However, Lessee/Purchaser shall repair any damage to the Premises caused by Lessee/Purchaser's agents in removing any personal property therefrom.

## SECTION 11. RISK OF LOSS.

11.01 City shall bear the risk of loss arising from damage to or loss of improvements and City's personal property, if any, on the Premises.

11.02 Lessee/Purchaser shall bear the risk of, and Lessee/Purchaser shall save City harmless from loss, cost or expense by reason of claims for personal injury and property damage arising out of Lessee/Purchaser's occupancy of the Premises, whether due to the fault of Lessee/Purchaser or others, excepting only fault of City. Lessee/Purchaser shall fulfill Lessee/Purchaser's obligations by reason of Subsection 11.03 by maintaining a public liability and property damage insurance policy naming City as an additional insured, in the following minimum amounts:

- (1) for injury to or death of one (1) person in any one (1) occurrence:
  - (A) three hundred thousand dollars (\$300,000.00) for a cause of action that accrues before January 1, 2006;

- (B) five hundred thousand dollars (\$500,000.00) for a cause of action that accrues on or after January 1, 2006, and before January 1, 2008; and
  - (C) seven hundred thousand dollars (\$700,000.00) for a cause of action that accrues on or after January 1, 2008; and
- (2) for injury to or death of all persons in that occurrence, five million dollars (\$5,000,000) and one million (\$1,000,000) for personal property damage.

Lessee/Purchaser shall furnish a certificate of such coverage to City at the time of executing this Agreement. It is agreed that all liability insurance, workers' compensation, public liability, and all other usual forms of insurance coverage shall be carried by and at the expense of the Lessee/Purchaser.

11.03 Lessee/Purchaser shall maintain such insurance as will protect it from claims under workers' acts and any other employee benefits acts; from claims for damages because of bodily injury, including death; and from claims for damages to property which may arise both out of and during operations under this agreement, whether such operations be by himself, by any contractor or by anyone else. This insurance shall be written for not less than any limits specified as part of this agreement.

11.04 Notwithstanding any provisions to the contrary in this Lease with Option to Purchase, if the Premises shall be destroyed or damaged by fire, casualty, Acts of God, of a public enemy, riot or insurrection to such an extent as will make the Premises unusable for more than seven (7) days for the purpose(s) described in Section 6 above, the City may:

- (1) Terminate this Lease with Option to Purchase as of the date that the Premises become unfit for use and occupancy, with rent to be prorated to the date of termination.
- (2) Investigate the feasibility of repairing or re-building the Premises as necessary to restore them to tenantable condition. For any period the Premises, or any part thereof, are unfit for use and occupancy, the rent will be abated in proportion to the area determined by the City to be untenable.

11.05 Nothing in this Section 11 shall bar a claim of one party against the other for injury or damage caused by the fault of the other party

## **SECTION 12. DEFAULTS AND REMEDIES.**

12.01 **Defaults by Lessee/Purchaser.** A default by Lessee/Purchaser will have occurred under this Lease with Option to Purchase IF:

- (a) Lessee/Purchaser fails to pay the full amount of any installment of rent on or before the date when it is due and payable; or
- (b) Lessee/Purchaser fails to observe or perform any other provision of this Agreement for thirty (30) days after City has given Lessee/Purchaser notice of the nature of Lessee/Purchaser's failure; or
- (c) Lessee/Purchaser files a petition in bankruptcy or for an arrangement under any present or future federal or state bankruptcy law, or is adjudicated a bankrupt or insolvent, or makes an assignment for the benefit of creditors, or admits in writing Lessee/Purchaser's inability to pay debts as they become due; or
- (d) A receiver or trustee of Lessee/Purchaser or of the Premises is appointed and, in the case of a proceeding brought against Lessee/Purchaser, is not discharged within ninety (90) days after the appointment, or Lessee/Purchaser consents to or acquiesces in the appointment; or
- (e) Lessee/Purchaser abandons, quits or vacates the Premises; or
- (f) Any activity of Lessee/Purchaser causes the cancellation of the hazard insurance coverage on the Premises; or
- (g) Lessee/Purchaser remains at the Premises past the end of the original term of this Lease with Option to Purchase without the consent of City and fails to successfully exercise its option.

**12.02 Remedies and Obligations of City if Default by Lessee/Purchaser.**

If a default by Lessee/Purchaser has occurred under this Lease with Option to Purchase and is continuing, City has the following remedies and obligations:

- (a) The right to re-enter and repossess the Premises, and the right to remove all persons and property from the Premises, all in a lawful manner.
- (b) The right to give Lessee/Purchaser notice of City's termination of this Lease with Option to Purchase as of a date specified in the notice, the date to be not earlier than the date of the notice;
- (c) The right to collect from Lessee/Purchaser by any lawful means:
  - (1) Any rent due and unpaid;
  - (2) Any money advanced or expenditure made by City pursuant to this Agreement;
  - (3) Any other amount which Lessee/Purchaser owes City under this Agreement or as allowed by law; and
  - (4) The attorney's fees, costs, and expenses, recoverably by City.
- (d) The City shall use reasonable efforts to mitigate damages as required by Indiana law.

**12.03 Effect of Exercise of Remedies by City.**

- (a) Upon exercise by City of Gary's right to re-enter and repossess, or to remove persons and property, from the Premises or upon termination of this Lease with Option

to Purchase pursuant to subsection 12 02, Lessee/Purchaser shall forthwith quit the Premises and surrender it to City, and City shall be entitled to all remedies at law or in equity to effect this right. Upon reentry, City shall again have possession of the Premises as though this Lease with Option had not been made.

(b) Upon the date specified in City's notice of intention to terminate this Agreement, this Lease with Option to Purchase shall terminate, and Lessee/Purchaser and any person claiming by or through Lessee/Purchaser shall become a tenant at sufferance.

(c) Within seven (7) days of Lessee/Purchaser's vacation of the Premises, Lessee/Purchaser shall remove therefrom all of its personal property. If Lessee fails to so remove same, said property shall be deemed as abandoned by Lessee/Purchaser and shall become property of City.

#### 12.04 Provisions Applicable to Defaults and Remedies.

(a) Failure or omission of either party to exercise any remedy shall not constitute waiver, or bar or abridge exercise of a remedy upon any subsequent default.

(b) Receipt of rent by City with knowledge of default by Lessee/Purchaser shall not constitute a waiver as to such default or as to a remedy available in respect of such default.

(c) No right or remedy of either party shall be exclusive of any other right or remedy, and each and every right or remedy shall be cumulative and in addition to any other right or remedy given by this Lease with Option to Purchase or now or hereafter existing at law or in equity. Termination of this Agreement by City shall not prohibit City from recovering any monies due or to become due pursuant to Subsection 12 02.

(d) In addition to any remedies given City by any previous provision of this Lease with Option to Purchase, City shall be entitled, to the extent permitted by law, to injunctive relief in case of any violation, or attempted or threatened violation, of any of the covenants, agreements or provisions of this Lease with Option to Purchase.

(e) Each party is entitled to recover its reasonable attorney fees, costs and expenses incurred by reason of exercising its remedies under this Lease with Option to Purchase.

(f) If City, without fault, is made a party to any litigation commenced against Lessee/Purchaser or because of Lessee/Purchaser's activities, and if Lessee/Purchaser, at Lessee/Purchaser's expense, fails to provide City with legal counsel satisfactory to City, Lessee/Purchaser shall pay all costs and reasonable attorney fees incurred or paid by City in connection with such litigation.

#### SECTION 13. MISCELLANEOUS.

13.01 Time is of the essence. Lessee/Purchaser's failure to meet applicable deadlines, unless it has obtained a written extension of time from City's Board of Public Works and Safety, shall constitute a material breach of this Agreement.

13.02 This Lease with Option to Purchase and its terms, covenants, agreements, and provisions shall be binding upon and inure to the benefit of, the parties and their respective heirs, personal representatives, successors and assigns

13.03 Any change in, or modification or discharge of, this Lease with Option to Purchase shall be in writing, signed by all persons who at the time are parties to this Lease with Option to Purchase

13.04 This Lease with Option to Purchase and performance by the parties hereunder shall be governed by and construed in accordance with the laws of the State of Indiana, and suit, if any, must be brought in the County of Lake in the State of Indiana.

13.05 This agreement or a memorandum hereof must be recorded in accord with I.C. 36-1-11-20. The agreement shall be recorded at the expense of City. Each party shall receive a signed copy of this Lease with Option to Purchase

13.06 The parties to this Agreement intend that the relationship created between them, by this agreement, is that of Lessor-Lessee. No agent, employee, servant or assignee of Lessee-Purchaser shall be deemed to be an employee of the City. Both parties hereto, in the performance of this Agreement, will be acting in an individual capacity and not as agents, employees, partners, joint ventures or associates of one another.

### III. GENERAL CONDITIONS

#### SECTION A.1 EQUAL OPPORTUNITY.

The Lessee/Purchaser may not discriminate against employees, applicants for employment or students because of race, color, religion, sex or national origin. The Lessee/Purchaser will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, sex or national origin. This action must include, but not be limited to, employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Lessee/Purchaser agrees to post in conspicuous places, available to employees, applicants and students, notices setting forth the provisions of this clause.

**SECTION A-2. NON-DISCRIMINATION.**

a. During the performance of this Agreement, Lessee/Purchaser agrees as follows: The Lessee/Purchaser shall not discriminate against any employee, applicant for employment or student because of race, religion, color, sex, ancestry or national origin. The Lessee/Purchaser shall take affirmative action to ensure that applicants are employed, that employees are treated during employment, and students are treated without regard to their race, color, religion, ancestry, sex or national origin. As used herein, the word "treated" shall mean and include, without limitation, the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay, or other forms of compensation; selected for training, upgraded; demoted; downgraded; transferred; laid off; and/or terminated. Lessee/Purchaser agrees to and shall post in conspicuous places, available to students, employees and applicants for employment, notices to be provided by the Compliance Officer setting forth the provisions of this non-discrimination clause.

b. Lessee/Purchaser will, in all solicitations or advertisements for employees or students placed by or on behalf of the Lessee/Purchaser, state that all qualified applicants will receive consideration for employment and enrollment without regard to race, religion, color, sex, ancestry or national origin.

c. It is agreed that the Lessee/Purchaser's noncompliance with the provisions of this clause shall constitute a material breach of this Lease with Option to Purchase.

**SECTION A-3. OFFICIALS NOT TO BENEFIT.**

No member or delegate to Congress may be admitted to any part or share of this Lease with Option to Purchase, or to any benefit arising from it. This prohibition does not apply to the extent this contract is with a corporation for the corporation's general benefit.

**SECTION A-4. CONTINGENT FEES.**

No person or selling agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingency fee.

**SECTION A-5. ACCESS TO RECORDS.**

During the term of this Agreement and for three years following expiration or termination of this Agreement, the City, at all reasonable times, shall be granted access to all files, books, and records (to include any correspondence, documents, papers, accounts, tapes,

discs, and accounting records or other evidence involving matters or transactions) applicable to this Agreement in the custody and possession of the Contractor and its subcontractors. The Contractor and its subcontractors shall make all such records and materials available in their respective offices at all reasonable times for inspection by the City or by any other authorized representative of the City and copies shall be furnished at no cost to the City if requested. These rights and duties survive expiration or termination of the Agreement.

**SECTION A-6. APPLICABLE CODES AND ORDINANCES.**

The Lessee/Purchaser, as part of the rental considerations, agrees to comply with all codes and ordinances applicable to the operation of the Premises and to obtain all necessary permits, licenses and related items at no cost to the City.

**SECTION A-7. ENVIRONMENTAL REPRESENTATIONS, WARRANTIES, AND COVENANTS OF PARTIES.**

The parties make the following representations, warranties and covenants:

- (a) City warrants and represents to the best of its knowledge, there do not currently exist, and Lessee/Purchaser warrants, represents and covenants there will not exist during the term of this Agreement, any actual or potential contamination of the soil, subsoil, groundwater, or any other portion of the Real Estate by any hazardous or toxic substance of their constituents, or any underground tanks on the Real Estate (other than for the use of heating oil for use and consumption of the Lessee/Purchaser on the Real Estate.)
- (b) Lessee/Purchaser covenants to comply at all times during the term of this Lease with all Environmental Laws.
- (c) City warrants and represents to the best of City's knowledge, no environmental filings have been made concerning the Real Estate with any governmental agency. The City shall be responsible for any environmental conditions, which existed prior to this Lease, which are discovered during the term of this Lease.
- (d) Each of the parties indemnifies the other against, and holds the other harmless from, any claim, action, loss, damage, liability, cost, or expenses (including attorney fees and all reasonable environmental testing expenses such party incurs as a result of the other party's breach of any representation, warranty, or covenants made in this Section A-7)

**SECTION A-8. SEVERABILITY.**

If any provision of this Agreement shall be determined to be invalid or unenforceable, the remaining provisions of the Agreement shall remain in full force and effect and enforceable to the fullest permitted by law

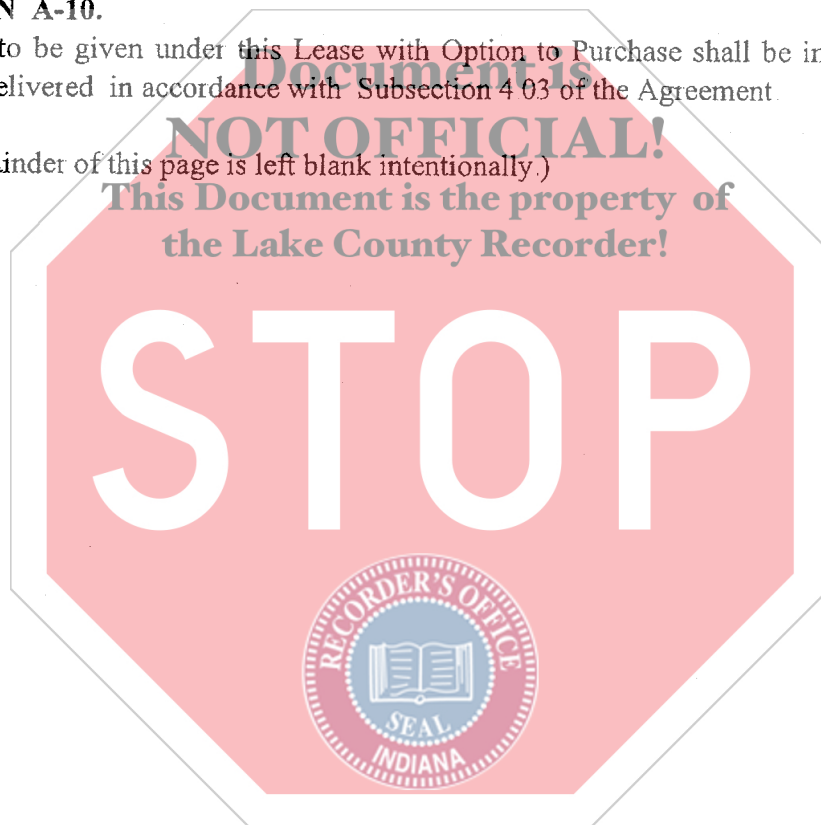
**SECTION A-9. LESSEE/PURCHASER HAS READ AND UNDERSTANDS THIS AGREEMENT.**

Lessee/Purchaser represents that he has read this Agreement, in its entirety and, by signing this Agreement expressly states that he fully understands the consequences of entering into this Agreement and expressly agrees to abide by each and every term and condition provided in this Agreement. Lessee further waives any claims he may have against City that would constitute lack of knowledge or any provision that is contained in this Agreement for himself, his heirs and assigns forever.

**SECTION A-10.**

A notice to be given under this Lease with Option to Purchase shall be in writing and shall be delivered in accordance with Subsection 4.03 of the Agreement.

(The remainder of this page is left blank intentionally.)





a. Notice to Lessee/Purchaser shall be served at the following address:  
Lighthouse Academies of Indiana, Inc.  
1661 Worcester Road, Suite 207  
Framingham, MA 01701

b. Notice to City of Gary shall be served at the following address:  
Hamilton L. Corporation                      Letty Almodovar, Director  
Corporation Counsel                      Director, Community Development  
City of Gary, Indiana                      City of Gary, Indiana  
401 Broadway --4<sup>th</sup> Floor                      201 E 5th Av. --Suite E  
Gary, Indiana 46402                      Gary, Indiana 46402

**IN WITNESS WHEREOF**, the parties hereto have executed this Lease with  
Option to Purchase on the dates written below.

LESSEE/PURCHASER  
LIGHTHOUSE ACADEMIES OF INDIANA, INC

DATED: 6/28/2005 By: [Signature]  
Michael B. Rohan, President

DEPARTMENT OF COMMUNITY DEVELOPMENT  
DATED: \_\_\_\_\_ By: [Signature]  
Letty Almodovar, Director

BOARD OF PUBLIC WORKS AND SAFETY  
DATED: \_\_\_\_\_ By: [Signature]  
Geraldine B. Tousant, President

DATED: \_\_\_\_\_ By: \_\_\_\_\_  
Husain G. Mahmoud, Vice-President

DATED: \_\_\_\_\_ By: [Signature]  
Hamilton L. Carmouche, Secretary

This Lease with Option to Purchase having been reviewed, the action of the Board  
of Public Works and Safety in entering into and executing same is APPROVED

Dated: \_\_\_\_\_ [Signature]  
MAYOR SCOTT L. KING



# CITY OF GARY

## LAW DEPARTMENT

401 Broadway • 4th Floor  
Gary, Indiana 46402  
(219) 881-1400 / Fax (219) 881-1362

SCOTT L. KING  
Mayor

GERALDINE B. TOUSANT  
Deputy Mayor

HAMILTON L. CARMOUCHE  
Corporation Counsel

LUCI L. HORTON  
City Attorney

## MEMORANDUM

TO: LETTY ALMODOVAR, DIRECTOR  
COMMUNITY DEVELOPMENT DEPARTMENT

FROM: Luci L. Horton, City Attorney

DATE: May 24, 2005

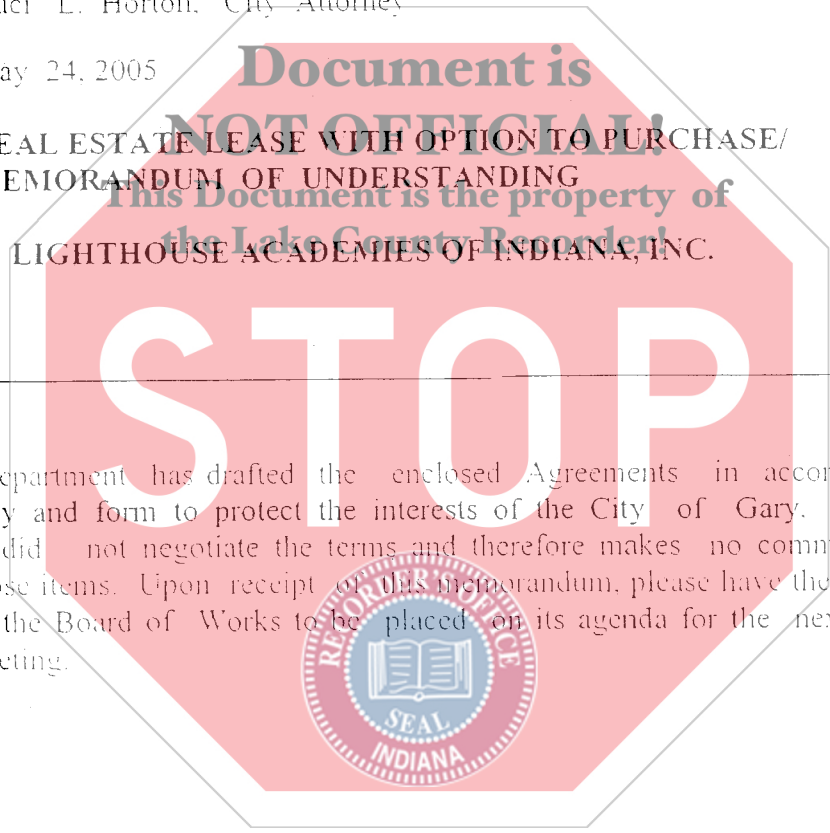
RE: REAL ESTATE LEASE WITH OPTION TO PURCHASE/  
MEMORANDUM OF UNDERSTANDING  
\* LIGHTHOUSE ACADEMIES OF INDIANA, INC.

The Law Department has drafted the enclosed Agreements in accordance with proper legality and form to protect the interests of the City of Gary. The Law Department did not negotiate the terms and therefore makes no comment on the content of those items. Upon receipt of this memorandum, please have the document forwarded to the Board of Works to be placed on its agenda for the next regularly scheduled meeting.

LHH

Enclosure: (1)

C. H.L.



**MEMORANDUM OF UNDERSTANDING**

Lighthouse Academies of Indiana, Inc. ("Lighthouse"), on behalf of the Gary Lighthouse Charter School ("GLCS"), has or will enter into a Lease with a Purchase Option ("Lease") with the City of Gary, Indiana (the "City") for the premises, located at 3201 Pierce Street, Gary, Lake County, Indiana.

Recognizing that certain monies to be paid to Lighthouse by Lake County, Indiana ("Lake County") for the operation of GLCS will be substantially delayed, Lighthouse and the City hereby agree as follows:

1. No payments shall be paid to the City in relation to the Lease until such time as Lighthouse has received money from Lake County.
2. Within ten (10) days of the receipt of Lake County charter school payments by Lighthouse, Lighthouse shall pay to the City all amounts then owed to the City in accordance with the terms of the Lease, up to the amount equal to the amount of money most recently paid by Lake County to Lighthouse.
3. No interest shall accrue on amounts owed by Lighthouse to the City so long as any delay in payment by Lighthouse is solely due to the delay in Lighthouse receiving funds from Lake County.

**IN WITNESS WHEREOF**, the parties hereto have executed this Memorandum of Understanding on the dates written below.

LESSEE PURCHASER  
LIGHTHOUSE ACADEMIES OF INDIANA, INC

DATED: 6/28/2005

By: [Signature]  
Michael B. Ronan, President

DEPARTMENT OF COMMUNITY DEVELOPMENT

DATED: \_\_\_\_\_  
By: [Signature]  
Letty Almodovar, Director

**Document is NOT OFFICIAL!**  
BOARD OF PUBLIC WORKS AND SAFETY  
**This Document is the property of the Lake County Recorder!**

DATED: \_\_\_\_\_  
By: [Signature]  
Geraldine B. Tousant, President

DATED: \_\_\_\_\_  
By: \_\_\_\_\_  
Husain G. Mahmoud, Vice-President

DATED: \_\_\_\_\_  
By: [Signature]  
Hamilton L. Carmouche, Secretary

This Memorandum of Understanding having been reviewed, the action of the Board of Public Works and Safety in entering into and executing same is APPROVED.

DATED: \_\_\_\_\_  
[Signature]  
MAYOR SCOTT L. KING

# Lighthouse Academies of Indiana

March 6, 2007

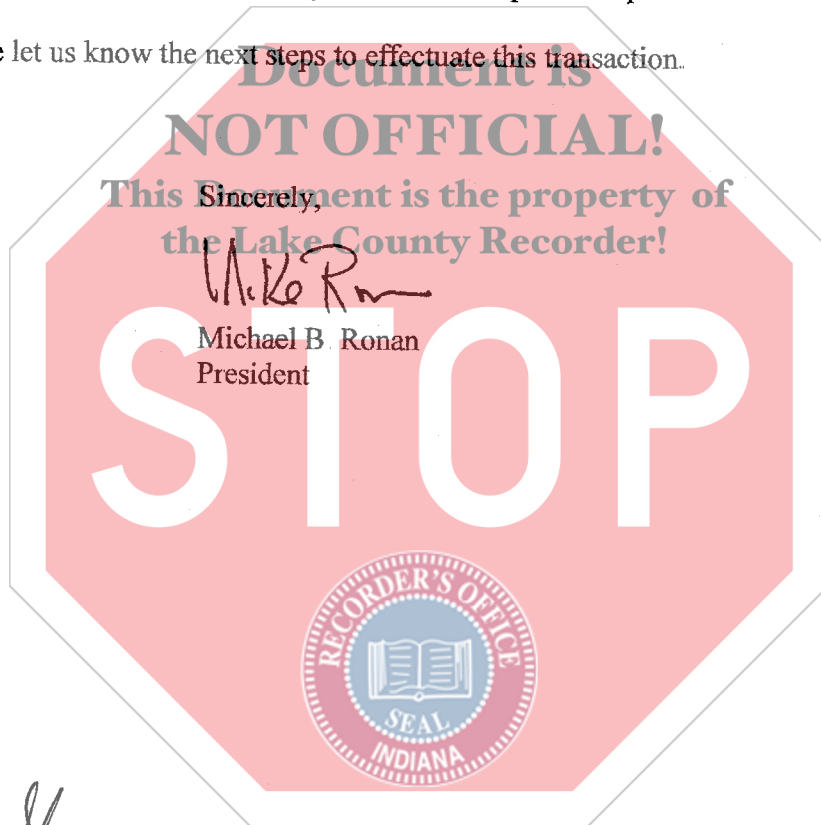
Hamilton Corporation  
Corporation Counsel  
City of Gary, Indiana  
401 Broadway – 4<sup>th</sup> Floor  
Gary, Indiana 46402

Letty Almodovar  
Director, Community Development  
City of Gary, Indiana  
201 E. 5<sup>th</sup> Avenue – Suite E  
Gary, Indiana 46402

Dear Mr. Corporation and Ms. Almodovar,

Pursuant to Section 4 of the Real Estate Lease with Option to Lease, we hereby give notice of our intent to exercise the purchase option. The purchase price shall be One Million One Hundred Seventeen Thousand Dollars, per the agreement between the City of Gary and Lighthouse Academies of Indiana. The lease also states that any amounts paid under the lease shall be credited against the stated purchase price.

Please let us know the next steps to effectuate this transaction.



↓  
Scott King  
363 S. Lake St.  
Gary IN 46403

1661 Worcester Road, Suite 207, Framingham, MA 01701  
phone: 508.626.0901 fax: 508.626.0905  
[www.lighthouse-academies.org](http://www.lighthouse-academies.org)