

LEASE AGREEMENT

This Lease Agreement (the “Lease”) made this 13 day of July 2020, (the “Start Date”) by and between East Allegheny School District (hereinafter “Landlord”), and Allegheny Transportation Services, Inc. (hereinafter “Tenant”). Landlord and Tenant may be referred to hereinafter individually as a “Party” or collectively, as the “Parties”.

RECITALS

WHEREAS, Landlord is the owner of certain real estate as hereinafter defined as the “Property”; and

WHEREAS, Tenant desires to lease the Property from Landlord under the terms stated herein; so

THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged and intending to be legally bound, Landlord and Tenant agree as follows:

AGREEMENT

1. **Header and Recitals.** The header and recitals above are true and accurate and are incorporated by reference into this Lease.

2. **Lease.** For and in consideration of the rents and promises contained in this Lease, the Landlord hereby leases to Tenant the Property described as 119 Wall Ave. Wall, Pa 15148, situate in Allegheny County and known and numbered as Parcel # 0546-d-00210-0000-00, more specifically, the bus garage and parking lot where the Tenant will park the vehicles used to perform transportation services for Landlord (the “Property”), as further described in **Exhibit 2** attached hereto, together with land leased by Lessor from Conrail. Lessee acknowledges receipt of the lease from Conrail and agrees to be bound by all the terms thereof. In addition, the land lease from Conrail will only be leased to Lessee so long as Conrail does not terminate the leasehold. If the same is terminated for any reason whatsoever, then Lessee shall immediately vacate that portion of land; in such event, the Parties will mutually agree to a reduction of the rent proportionate to the portion of the property leased from Conrail.

3. **Use.** During the term of this Lease, Tenant shall use the Property for the purposes of Tenant’s transportation services business.

4. **Term.** This Lease shall commence on July 1, 2020 and shall continue until June 30, 2025 (the “Term”), unless terminated pursuant to the terms of this Agreement or renewed in writing by mutual agreement of the Parties.

5. **Rent.** Tenant shall pay to Landlord as rent for the Property the amount of Seventy-Eight Thousand Seventy-Nine Dollars and 96/100 (\$78,079.96) annually (the “Rent”), paid in nine (9) consecutive monthly payments of Eight Thousand Six Hundred Seventy-Five Dollars and 55/100 (\$8,675.55). Tenant’s payments will be made by the Landlord’s deduction of such Rent

from Contractor's invoices billed to Landlord under the Transportation Services Agreement existing between the Parties (the "TSA"). Each year, the first Rent payment will be deducted from Tenant's September invoice for services under the TSA and the final Rent payment will be deducted from Contractor's May invoice. Each year on August 1st, Rent shall increase from the previous year's rate by an amount equal 2.5% of the previous year's rate.

6. **Utilities.** For the term of this Lease, Tenant shall be responsible for utilities associated with the Property including water, gas, electric, sewer, and trash removal.

7. **Property Taxes.** Real estate taxes owed for the Property by the Lessor as owner shall be paid by Tenant, if any. Except that, Lessor will excuse School District taxes.

8. **Condition of Property.** Tenant has had an opportunity to inspect the Property, and Tenant hereby takes and accepts the Property "as is." Lessor is unaware and has no notice of any defects on the Property.

9. **Fuel Tanks.** There is one (1) underground fuel tank located on the Property which Tenant will use to fuel its vehicles. Landlord represents and warrants that there were no spills from the underground tank prior to the time Tenant entered the Property. Landlord will indemnify, defend, and hold Tenant harmless for 1) any spills that occurred on the Property prior to Tenant entering the property even if such was not discovered until after Tenant entered the Property and 2) any spills that occur on the Property from said fuel tank resulting from holes, cracks, or other means of leaking from the tank, that are not due to Tenant's sole negligence, including but not limited to, those that arise from wear and tear of the fuel tank.

10. **Zoning.** Landlord represents and warrants to Tenant that Landlord has no knowledge of any notice of violation issued by any governmental authority with respect to the current use of the Property. The Landlord agrees to assist Tenant as reasonably requested in obtaining permits, certificates, or approvals for use as a transportation services facility and to make appropriate adjustments to this Lease if same are limited or cannot be obtained.

11. **Maintenance and Repairs.** Tenant shall be responsible for maintaining the Property in its present condition and making all reasonable repairs to the Property, normal wear and tear excepted. Landlord shall be responsible for replacements, alterations, improvements, or additions that appreciably prolong the life of the property, materially increase its value, or make it adaptable to a different use ("Capital Improvements"), when repair is not commercially reasonable, including, but not limited to, repaving the parking lot and structural repairs to the building. If Tenant believes that repair is not commercially reasonable, Tenant shall send written notice to Landlord. If Landlord does not make Capital Improvements that are reasonably necessary for Tenants use of the Property within thirty (30) days, Tenant can choose to make the Capital Improvements that are reasonably necessary for Tenants use of the Property and can deduct the cost of same from the amounts owed as Rent under this Lease. Upon request of Landlord, tenant shall supply proof of cost of capital improvements.

12. **Improvements and Modifications.** Tenant shall make no structural, cosmetic or other improvements or modifications to the Property without the prior written consent of the Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

13. **Termination.** This Lease may be terminated by either Party in writing if a material breach by the other Party remains uncured after reasonable written notice and thirty (30) days to cure. In addition, Tenant can terminate this lease for convenience with thirty (30) days written notice to Landlord.

14. **Destruction of the Property.**

a. In the event that the Property is totally destroyed or so damaged by fire or other casualty, not occurring through the fault of Tenant, and the Property cannot be repaired or restored within thirty (30) days, this Lease shall absolutely cease and terminate and the rent shall abate for the balance of the term.

b. If damage as described in subsection (a) hereof is only partial and the Property can be restored to usable condition within thirty (30) days, the Parties may agree that Landlord will restore the Property with reasonable promptness. Landlord reserves the right to enter the Property for the purpose of such restoration. Landlord further reserves the right to enter the Property whenever necessary to repair damage caused by fire or other casualty to the portions of the Property which are untenantable. In such events, the rent shall be apportioned and suspended during the time Landlord is in possession of the Property in proportion to the part of the Property rendered untenantable for the reasonable duration of the repairs.

c. The Parties will agree whether Landlord will repair the Property pursuant to subsection (b) hereof or to terminate this Lease, within twenty (20) days from the day on which Landlord receives notice that the Property had been damaged or destroyed by fire or other casualty.

15. **Insurance.**

a. Tenant shall maintain and pay all premiums for general liability insurance in an amount not less than Five Hundred Thousand Dollars (\$500,000). Such insurance shall be placed with an insurance company licensed to do business in the State of Pennsylvania. Premiums for such insurance shall be paid by Tenant,

b. The Tenant shall maintain and keep in force such worker's compensation insurance as may be necessary to fully protect Tenant from any liability under the workers compensation laws of the State of Pennsylvania.

c. Upon the request of Landlord, Tenant shall provide the Landlord with satisfactory evidence that all of the insurance required to be carried hereunder by the Tenant is in full force and effect.

16. **Conduct of Tenant.** Tenant covenants and agrees to:

a. Pay the Rent on the days and times and at the place that the same are payable.

b. Keep the Property in good order and repair, reasonable wear and tear excepted. Tenant agrees to surrender the Property in the same condition in which Tenant has herein agreed to keep the same during this Lease.

c. Comply with all applicable statutes, rules, regulations, and laws.

d. Peaceably deliver up and surrender possession of the Property to Landlord at the expiration or sooner termination of this Lease.

17. **Tenant's Indemnity.** Tenant agrees to indemnify Landlord from all liability arising from injury or damage caused by and to the extent of Tenant's negligence during the term of this Lease with respect to any person or property thereof located on the Property. Tenant shall not be required to indemnify for the sole negligence or conduct of Landlord or others. Tenant shall bear no liability for injury or damages arising from the actions or inactions of Landlord, prior owners, or prior tenants including, but not limited to, injury or damages, that occurred prior to Tenant entering the Property even if such is discovered after the Start Date.

18. **Landlord's Indemnity Obligation.** Tenant shall bear no liability of any kind whatsoever for, and Landlord shall hold harmless, indemnify, and defend Tenant from and against, any and all claims and expenses including, but not limited to, reasonable attorney's fees and court costs, arising directly or indirectly from the actions or inactions of Landlord and current or prior Tenants of the Property including, but not limited, to claims for injury, damages, and environmental and other liabilities that occurred before Tenant entered the Property including those that occurred before the Tenant entered the Property but that are discovered after Tenant entered the Property. The Parties agree that the indemnity obligations stated herein are ongoing and shall survive in full force and effect after the expiration or sooner termination of this Lease.

19. **Tenant's Right to Set Off** – Tenant has the right to set off of all Lease payments against any and all amounts due to Tenant by Landlord under any other agreement between the Parties.

20. **Landlord's Right of Inspection.** Landlord may enter the Property at reasonable times during normal business hours, with prior notice for the purpose of inspection of the Property.

21. **Default and Remedies.**

a. If Rent remains unpaid for ten (10) days after any day on which the same ought to be paid, Landlord may send written notice of such and if Tenant does not cure within ten (10) days of Landlord's written notice, then Landlord may re-enter the Property and declare this Lease and the tenancy created under this Lease terminated.

b. If either Party believes that the other Party is in breach of any of the terms of this Lease, except in the case of the non-payment of Rent, the non-breaching Party shall give written notice of breach to the breaching Party and shall provide thirty (30) days for the breaching Party to take all reasonable steps to cure said breach. If the breaching Party fails to take all reasonable steps to cure such breach, the non-breaching Party shall be permitted to terminate this Lease.

22. **Notice and Demands.** Any notice or demand required or permitted by law or any provision of this Lease shall be in writing and must be deposited in the United States mail, registered or certified, with return receipt requested, postage prepaid, and addressed as follows:

If to Landlord: East Allegheny School District
1150 Jacks Run Road
North Versailles, PA 15137

If to Tenant: Allegheny Transportation Services, Inc.
Attn: Fred Kline
Etna, PA 15223

23. **Approval.** This lease was duly approved at a meeting of the governing body of each party hereto.

24. **Successors and Assigns.** This Lease and the conditions and covenants herein contained shall inure to the benefit of and be binding upon Landlord and Tenant, their successors and assigns.

25. **Governing Law.** This Lease shall be construed and enforced in accordance with the laws of the State of Pennsylvania.

26. **Paragraph Headings.** The titles of the Sections of this Lease appear as a matter of convenience and shall not affect the construction or interpretation hereof.

27. **Severability.** Each provision contained in this Lease shall be construed as being independent of each other provision contained herein and compliance with any one provision shall not be deemed to excuse compliance with any or all other provisions.

28. **Non-Waiver.** No failure of any Party to insist upon strict observance of any provision of this Lease, and no custom or practice of the Parties at variance with the terms of this Lease shall be deemed a waiver of any terms.

29. **Amendment and Modification.** This Lease may be amended or modified only by written agreement signed by all Parties hereto.

30. **Arms' Length Transaction** – Parties agree that this Lease is the result of an arm's length negotiation between the Parties with contract terms and language provided by each. The Parties agree that the terms of this Lease and those added by any addendum shall not be construed against the drafter.

31. **Entire Agreement.** This Lease and the related Exhibits constitute the entire agreement and understanding of the Parties concerning the subject matter hereof. No representations, inducements, promises, or agreements between the Parties, not incorporated herein, shall be of any force or effect whatsoever, except for written changes made by mutual agreement and signed by Landlord and Tenant.

32. Counterparts. This Lease may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

33. Electronic Signatures. The electronic signature of a Party to this Lease shall be as valid as an original signature of such Party and shall be effective to bind such Party to this Lease. Execution and delivery of this Lease by delivery of a facsimile, scan, or electronically recorded copy bearing a copy of the signature of a Party shall constitute a valid and binding execution and delivery of this Lease by such Party. Such copies shall constitute enforceable original documents.

IN WITNESS WHEREOF, intending to be legally bound, the Parties execute this Lease the date and year first above written.

East Allegheny School District:

Name _____ Date _____
_____, School Board President

Tenant:

Allegheny Transportation Services, Inc. by:

Name _____ Date _____
Frederick Kline, President

Exhibit 2

Description of Property

