

November 3, 2021

Brian D. Shirey, Esq.
General Counsel
Delaware Technical and Community College
21179 College Drive
Georgetown, Delaware 19947

Re: **Letter of Intent to Lease:**

20346 Ennis Street
Georgetown, Delaware 19947
(Former Howard T. Ennis School on 5.6 acres of land)

Dear Mr. Shirey:

In connection with the above-referenced property, we respectfully submit for your consideration an overview of the general terms and conditions of a proposed lease transaction between Delaware Technical and Community College and The Bryan Allen Stevenson School of Excellence. The Bryan Allen Stevenson School of Excellence is in the process of applying for its charter with the Delaware Department of Education. Our application will be submitted to The Delaware Department of Education on or before December 31, 2021. The approval process will take approximately 120 days upon which a decision will be rendered, and a charter will be issued. Ideally, we would like to enter into a binding letter of intent or lease agreement by the end of November so we can include this document in our application. We have attached to this letter a summary of our charter application, including a five-year projection and assumptions of our financial plan.

Following are the general terms and conditions of a lease agreement:

- 1. Premises:** The former Howard T. Ennis school building located at 20346 Ennis Street, Georgetown, Delaware containing a total of approximately 35,500 +/- square feet of usable space and parking for approximately 120 cars plus drop off lanes. The leased premises shall not include the natatorium or the parking that services the natatorium. Landlord reserves a transferable, non-exclusive right of access to the natatorium and related parking through the existing entrances and roadways.
- 2. Landlord:** Delaware Technical and Community College
- 3. Tenant:** The Bryan Allen Stevenson School of Excellence, a single purpose not-for-profit 501 (c) 3 entity formed for the purpose of operating a charter school for up to 500 students.
- 4. Use:** Tenant will use the property for the operation of a charter high school for up to 500 students. Tenant shall occupy the leased Premises in accordance with all applicable laws. Tenant shall not engage in any use that competes with the programs or operations of Landlord. Any post-secondary courses that may be offered to Tenant's students will be offered in partnership with Landlord.

- 5. Term:** Five (5) continuous years, effective on November 1, 2022. Tenant reserves the right to terminate the lease term early, provided one year's written notice. Tenant also reserves the right to terminate the lease early, with 90-days' written notice, if the school's charter is not renewed by the State Board of Education.
- 6. Lease Commencement Date:** November 1, 2022. Tenant recognizes that the premise is currently occupied by the Indian River School District (IRSD), and that IRSD is entitled to a reasonable period of time to remove its property and vacate the premises following the opening of its new school in September of 2022. To the extent allowable by law, Landlord will grant Tenant early occupancy after the property has been fully vacated by the Indian River School District, for the purpose of installing Tenant's furniture, fixtures, and equipment and to begin any Landlord-approved improvements. Tenant shall not be required to pay rent during any period of early occupancy, but shall be required to obtain property and general liability insurance in an amount agreed upon by Landlord.
- 7. Option to Renew:** Provided Tenant is not in monetary default under the terms of the Lease Agreement, Tenant shall have the right of first refusal to renew the Term for an additional three (3) years, under the same conditions of this lease agreement. Tenant must exercise said Right no later than January 15, 2027.
- 8. Rental Commencement Date:** November 1, 2022.
- 9. Lease Expiration Date:** August 31, 2027.
- 10. Construction and Improvements:** Landlord and Tenant will negotiate the best format for how the construction and improvements are completed. Tenant's analysis of the current building condition has estimated that approximately \$200,000 will be required to make nonstructural cosmetic improvements and repairs and maintenance. Landlord and Tenant each agree that this provision will be mutually worked out between the parties by May, 2022, and Landlord will have final approval on all alterations, additions or modifications to the premises. Tenant will be allowed to install additional modular classrooms on the Premises so long as all local and state laws are followed.

11. Annual Rental Rate:

Rent	Annual Rental	Rent/S.F.	Lease Year
Year 1 (rent payment commences on 11/1/22)	147,917	\$ 5.00	22-23
Year 2	181,050	5.10	23-24
Year 3	184,671	5.20	24-25
Year 4	188,364	5.31	25-26
Year 5	192,132	5.41	26-27
Option			
Year 6	192,132	5.52	27-28
Year 7	199,894	5.63	28-29
Year 8	203,892	5.74	29-30

- 12. Operating Expenses:** The Lease will be triple net. Accordingly, Tenant shall directly pay to each of the appropriate vendors, for all of the operating expenses related to the operation of the Premises, including, but not limited to, electric, natural gas, telephone, cleaning, maintenance of the HVAC and other mechanical systems, general liability, contents and liability insurance, and property and casualty insurance covering the buildings. It is assumed the property is exempt from real estate taxes, but if not, Tenant will be liable for the full payment of any taxes assessed against the property or Tenant's use thereof. Tenant will be responsible for structural-related costs of maintenance, including HVAC. Tenant shall pay for all capital related expenditures, including, but not limited to, Mechanical, Electrical, and Plumbing and roof expenses.
- 13. Warranty of Habitability:** Tenant acknowledges that the premises are being rented "as-is", and that Landlord has made no representations or warranties regarding their suitability or habitability for any particular use. Tenant hereby confirms that it has had the property inspected by architects/engineers/contractors of its choosing and is fully aware of the condition of the premises and all facilities associated therewith, and hereby accepts them in their present state.
- 14. Landlord and Tenant Operating Partnerships:** Landlord and Tenant each recognize that there are crossover benefits to each entity, and will use best efforts to create crossover shared services. For example, if Landlord creates a teaching program, Landlord will work with Tenant on allowing students to work at the school in student teaching roles. If Tenant creates an early college program, such program shall be created in partnership with Landlord. In addition, Tenant and Landlord will work in good faith to allow Tenant use of Landlord's outdoor athletic fields for its students. Tenant understand and agrees that Landlord and Landlord's teams/operations will have priority in the use of its athletic fields, and any use by Tenant may only occur when the fields are not in use by Landlord. Landlord and Tenant shall agree on Tenant's share of the costs to maintain the athletic fields in the event Landlord's athletic fields are used by Tenant.
- 15. Signage:** Tenant, at its sole cost and expense, shall be permitted to erect signage on the Premises (on the building) and a canopy or awning at the school's entrance, to the extent allowable by law and with the prior written approval of the Landlord; such approval shall not be unreasonably withheld or delayed.
- 16. Brokerage:** Landlord and Tenant acknowledge that they have had no other dealings with Brokers as it relates to this property.
- 17. FORMAL AGREEMENT:** The Landlord and Tenant shall negotiate in good faith in an effort to enter into a formal Lease Agreement on or before December 15, 2021, which agreement shall be subject to the approval of Landlord and Tenant and shall be acceptable in form and legal content of the respective parties. This Letter of Intent to Lease is for discussion purposes only and serves as a preliminary, non-binding letter subject to a fully executed Lease Agreement by both Landlord and Tenant. The terms and conditions herein are subject to change and or withdraw at any time and for any reason. The lease will be contingent on a mutually acceptable Lease Agreement containing the customary covenants, warranties, apportionments and representations. The Lease Agreement, if any, will provide for environmental indemnification by the Landlord as well as zoning and City Code compliance.

We look forward to working with you to a mutually agreeable agreement. Thank you for your kind assistance and willingness to work with our school. I look forward to working with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Chantalle Ashford", written over a horizontal line.

Chantalle Ashford
Founder and Board Chair
The Bryan Allen Stevenson School of Excellence