

**LEASE AGREEMENT BETWEEN**  
**CHATHAM COUNTY (Landlord) and**  
**FIRSTHEALTH OF THE CAROLINAS, INC.**

This Lease Agreement, (this “Lease”) made and entered into this the 1<sup>st</sup> day of July, 2016, by and between Chatham County (“Landlord”) and FirstHealth of the Carolinas, Inc., a North Carolina corporation (“Tenant”);

**WITNESSETH:**

Landlord and Tenant have entered into a contract under the terms of which Tenant has agreed to provide emergency medical services, ambulance transport, interfacility ambulance transport, and related services to Landlord and its citizens and residents, (the “FirstHealth Contract”). As a portion of the consideration for the services to be provided by Tenant under said contract Landlord has agreed to make the Premises available to Tenant at the nominal annual rent of \$1.00.

That subject to the terms and conditions hereinafter set forth, Landlord does hereby let and lease unto Tenant and said Tenant does hereby accept as Tenant of Landlord that certain premises depicted on Exhibit A attached hereto and incorporated herein by reference which is two buildings totaling 2,200 square feet located at 320 S. Chatham St., Siler City, NC 27344 (the “Premises”).

Tenant shall have, as appurtenant to the Premises, if applicable, the right to use in common with others entitled thereto: (a) the common facilities included in the Building and the lot on which it is located, including the parking lot and (b) the building service fixtures and equipment serving the Premises.

Tenant has occupied the Premises for many years and acknowledges the same is in good condition and in all respects suitable for its purposes and use.

The terms and conditions above referred to are as follows:

1. Terms:

The Initial of this Lease commenced on July 1, 2016 and shall end at 11:59 p.m. on June 30, 2017, unless sooner terminated as herein provided.

2. Option to Extend:

Subject to Automatic Termination provision of paragraph 21 and provided all installments of rental theretofore due have been paid and all other conditions of this

Lease have been properly complied with by Tenant, Tenant, may at its option extend this Lease for five up to (5) additional term(s) of one (1) year(s) each (each an "Extended Term") by giving to Landlord written notice of its intent so to do not later than thirty (30) days prior to the expiration of the Initial Term, or of the then existing Extension Term ; and in the event of such extension all of the terms and conditions set forth in this Lease shall continue in full force and effect except that the rent for such Extend Term(s) shall be agreed to between Landlord and Tenant

3. Permitted Use:

The permitted use of the Premises is limited to: emergency medical services and those uses incidental thereto ("Permitted Use"). The Premises shall be used and wholly occupied by Tenant solely for the purposes of conducting the Permitted Use, and the Premises shall not be used for any other purposes unless Tenant obtains Landlord's prior written approval of any change in use, which approval will not be unreasonably withheld, conditioned or delayed.

4. Rental:

Beginning on the Lease Commencement Date, Tenant agrees to pay Landlord, without notice, demand, deduction or set off, an annual rent of one dollar (\$1.00), payable in advance of the first day of the first year of the Initial Term.

Year	Monthly Rent	Annual Rent
July 1, 2016- June 30, 2017	N/A	\$1.00

5. Late Payment:

If Landlord fails to receive full payment within fifteen (15) days after it becomes due, Tenant shall pay landlord, as additional rent, a late charge equal to five percent (5%) of the overdue amount. Notwithstanding the foregoing, Landlord will give written notice of non-payment within the first five (5) days of the payment being past due.

6. Security Deposit:

Tenant shall deposit with Landlord at the execution of this Lease Agreement the sum of \$0 (the "Security") as security for the payment of all rent and additional rent owed by Tenant pursuant to this Lease and the performance by Tenant of all of Tenant's obligations under this Lease. Upon written notice of default the Security or any portion thereof may be applied to cure any default, or to compensate Landlord for any damages sustained by Landlord due to Tenant's failure to perform any of its obligations under this Lease, without prejudice to any other remedy at law or in equity that Landlord may have on account thereof. Upon such application Tenant shall pay Landlord on demand the

amount so applied, which shall be applied to restore the Security to its original amount. Landlord shall not be obligated to deposit the Security in an interest-bearing account, or to hold it as a separate fund, and may commingle it with other funds. If Tenant is not in default at the expiration of the term of this Lease, then within thirty (30) days after the expiration of the term and delivery of exclusive possession of the Premises to Landlord, Landlord shall return the remaining balance of the Security to Tenant, without interest, which shall belong to Landlord.

7. Utility Bills and Service Contracts:

Landlord and Tenant agree that utility bills and service contracts (“Service Obligations”) for the Premises shall be paid by the party indicated below as to each Service Obligation.

<b>Service Obligation</b>	<b>Landlord</b>	<b>Tenant</b>	<b>Not Applicable</b>
Sewer/Septic		X	
Water		X	
Electric		X	
Gas		X	
Telephone		X	
Internet		X	
HVAC (maintenance/service contract)		X	
Elevator (including phone line)			X
Security System			X
Janitorial		X	
Trash/Dumpster		X	
Landscaping		X	
Sprinkler System			X
Pest Control		X	
Snow Removal		X	

Any Service Obligations not allocated to Landlord or Tenant above shall be the responsibility of Tenant.

8. Taxes:

Landlord shall pay all taxes, if any, levied and assessed against the land and building owned by it.

9. Insurance and Indemnity:

During the term of this Lease and so long as Tenant occupies the Premises it will, at its own expense, maintain and keep in full force and effect comprehensive general liability, malpractice and errors and omissions insurance with minimum limits of One Million and 00/100 (\$1,000,000.00) per occurrence and Two Million and 00/100 Dollars (\$2,000,000.00) aggregate combined single minimum for bodily injury liability and property damage liability. All autos placed in, on or upon the Premises shall at all times have insurance coverage with minimum limits of One Million and 00/100 Dollars (\$1,000,000.00) per occurrence combined single limit for bodily injury liability and property damage liability. Tenant shall maintain, in addition to the other insurance coverages hereinbefore described, an umbrella liability policy with a minimum limit of One Million and 00/100 Dollars (\$1,000,000.00) with underlying coverage of auto liability, general liability, employers liability and One Million and 00/100 Dollars (\$1,000,000.00) aggregate.

At all times Tenant will provide Workmen's Compensation insurance coverage on its employees.

Landlord, at its sole expense, will keep and maintain the Premises as provided herein and shall maintain fire and casualty insurance for the full replacement cost thereof, with extended coverage.

Landlord shall not be responsible for insuring the property placed, in or upon the Premises by the Tenant, as such responsibility shall be the sole obligation of Tenant.

Neither party agrees to indemnify or hold harmless the other party. However, to the extent provided by law, each party will be responsible for its own acts or omissions and any and all claims, liabilities, injuries, suits and demands and expenses of all kinds which may result from or arise out of any alleged malfeasance or neglect caused or alleged to have been caused by that party, its employees or representatives, in the performance or omission of any act of responsibility of that party under this Agreement. In the event that a claim is made against both parties, it is the intent of both parties to cooperate in the defense of said claim and to cause their insurers to do likewise. However, both parties shall have the right to take any and all actions they believe necessary to protect their interest. This provision shall survive the termination of this agreement.

10. Repairs to Premises by Landlord and Tenant:

<b>Repair Category</b>	<b>Landlord</b>	<b>Tenant</b>	<b>Not Applicable</b>
Roof	X		
Foundation	X		
Structural Support	X		
Exterior Walls	X		
Exterior Glass		X	
Exterior Doors		X	
Parking Lot	X		
HVAC		X	
Light Bulbs and Ballasts		X	
Plumbing Fixtures and Systems in the Premises		X	
Plumbing Fixtures and Systems to the Premises	X		
Water heater		X	
Electrical Systems		X	

Any repairs not allocated to Landlord or Tenant above shall be the responsibility of Tenant.

11. Alterations:

Tenant shall not make any alterations, additions, or improvements to the Premises without Landlord’s prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed. All approved alterations, additions, or improvements will be accomplished in a good and workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord, free of any liens or encumbrances. Any alterations made shall remain on and be surrendered with the Premises on expiration or earlier termination of this Lease, except that Landlord may elect to require Tenant to remove any alterations that Tenant has made to the Premises. If Landlord shall so elect, Tenant at its cost shall restore the Premises to the condition in which the Premises were delivered to Tenant when Tenant first took possession of the

Premises, with the exception of reasonable wear and tear. Notwithstanding the foregoing, Tenant may remove any of Tenant's machinery, equipment, or trade fixtures as long as the items can be removed without material damage to the Premises. Tenant shall repair, at Tenant's expense, any damage to the Premises by removal of any such machinery, equipment, or trade fixtures.

12. Damage or Destruction:

If during the term of this Lease the Building in which the Premises are located is damaged or destroyed by fire or other casualty, or so damaged thereby that it cannot be repaired with reasonable diligence within sixty (60) days, then this Lease shall terminate as of the date of such damage or destruction. But if said building can with reasonable diligence be repaired within sixty (60) days, said building shall be repaired by the Landlord as quickly as is reasonably possible, and this Lease shall remain in full force and effect; provided, rent during the period of repair will be abated.

If damage or destruction should occur as hereinbefore set forth and the Landlord makes a determination that it will take more than sixty (60) days to repair the damage or destruction, then Landlord will immediately notify Tenant in writing that the building cannot be restored within said time period and this Lease shall thereupon terminate; provided, however, if Tenant requests Landlord to repair the Building within Thirty (30) days of receipt of said notice, Landlord, at its option, may decide to repair the Building, and, if so, then this Lease shall remain in full force and effect, provided rent during the period of repair will be abated.

13. Condemnation:

If so much of the Premises are taken under power of eminent domain as to render them unusable, this Lease shall terminate as of the date that possession is required by the condemning authority, and the award for taking shall be Landlord's save for Tenant's right to make a claim against the condemning authority for moving expenses, loss of profits, the taking of any of Tenant's fixtures or personal property, and the undepreciated cost of any improvements to the Premises made by Tenant at its expense. In the event only a portion of the Premises is taken and the remainder of Premises remain reasonably usable by Tenant for its intended purposes, as determined by Tenant in its reasonable discretion, Tenant's rent shall be reduced in proportion to the value of the property taken to the value of the remaining Premises and the entire award for the taking shall belong to Landlord.

14. Assignment and Subletting:

Tenant shall not assign this Lease or any interest hereunder or sublet the Premises, or permit the use of the Premises by any party other than Tenant, without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, however, "Tenant" may assign this Agreement and its obligations, hereunder to any party controlling, controlled by or under common

control with "Tenant." No sublease or assignment by Tenant shall relieve Tenant of any liability hereunder.

15. Default:

The occurrence of any one of the following shall constitute a default by Tenant: (a) failure to pay rent no later than fifteen (15) days after it is due; (b) failure to perform any other provision of this Lease if the failure to perform is not cured within ten (10) days after written notice thereof has been given to Tenant, unless default cannot be cured in 10 days in which event Tenant must begin to cure and diligently pursue cure until completed; or (c) Tenant is adjudged bankrupt or insolvent by any federal or state court of competent jurisdiction.

16. Remedies Upon Default:

Upon the occurrence of a default by Tenant, Landlord may terminate this Lease by giving written notice to Tenant and upon such termination shall be entitled to recover from Tenant the actual damages incurred by Tenant as may be permitted and thereafter proven under applicable law.

17. Landlord's Entry of Premises:

Landlord may enter the Premises upon prior notice at reasonable hours to exhibit same to prospective purchasers or tenants, to make repairs required by of Landlord under the terms hereof, for reasonable business purposes and otherwise as may be agreed by Landlord and Tenant. Landlord may enter the Premises at any time without prior written notice in the event of an emergency or to make emergency repairs to the Premises.

18. Quiet Enjoyment:

Tenant, upon paying the rent and performing any and all other obligations required under this Lease on Tenant's part to be kept, observed, and performed, shall quietly have and enjoy the use of the Premises during the term of this Lease without hindrance or molestation by any person claiming by, through, or under Landlord. Landlord covenants and agrees that it will make every reasonable effort to accommodate the Tenant in the use of the Premises consistent with this Lease, but Tenant acknowledges that is use thereof must be subordinate to the use thereof by Landlord if applicable.

19. Holding Over:

If Tenant remains in possession of the Premises after expiration of the Initial Term or any Extension Term of this Lease with or without Landlord's acquiescence and without any written agreement between Landlord and Tenant, Tenant shall be a Tenant at the rental rate in effect at the end of the then current term, subject to all the other provisions of this Lease except the term, and there shall be no renewal of this Lease by operation of law.

20. Signage:

Tenant may install signage on the building with Landlord approval. All signs will be consistent with the requirements of the governing municipality.

21. Termination of Lease:

Landlord and Tenant acknowledge that Tenant uses the Premises solely to render EMS, ambulance transport, and interfacility ambulance transport in Chatham County, and that Tenant is under obligation to the County of Chatham to render said services within the area prescribed by Chatham County. Landlord covenants and agrees that no activity in which it will engage on the Premises will interfere, hinder, deter, or otherwise adversely affect the said provision of services rendered and which are to be rendered by Tenant. Furthermore, Landlord and Tenant covenant and agree that this Lease shall automatically terminate effective on the date the FirstHealth Contract terminates, in addition, in the event the County of Chatham and FirstHealth otherwise mutually or unilaterally agree to cease the provision of service by FirstHealth in Chatham County prior to the end of the Initial Term or any Extension Term, this Lease shall automatically terminate.

22. Subordination; Attornment; Estoppel:

Tenant agrees that this Lease will be subordinate to any mortgage heretofore or hereafter executed by Landlord in favor of any Mortgagee. Tenant, on request, will execute such subordination, non-disturbance and attornment agreement as Landlord's Mortgagee may request, and will agree to attorn to said Mortgagee, provided the Mortgagee agrees not to disturb Tenant's possession and quiet enjoyment hereunder so long as Tenant is not in default under this Lease. Tenant agrees to execute estoppel certificates certifying to any factual matter reasonably requested which is within Tenant's knowledge pertaining to this Lease, the Premises, or Tenant's use thereof, within ten (10) days after receipt of written request from Landlord. Any subordination or attornment required of Tenant is subject to the preservation and non-disturbance of the Lease for the remainder of the term, including any renewals properly exercised. Upon Tenant's request these preservation and non-disturbance provisions shall be incorporated into any subordination/attornment agreements required to be executed by Tenant.

23. Attorney's Fees:

In the event either Tenant or Landlord is required to use the services of an attorney for the enforcement of the terms and provisions hereof, the prevailing party in such dispute shall be entitled to recover its reasonable attorneys' fees based upon its attorneys' normal hourly charges for such services.



24. Notices:

Notice may be sent to either party by the other at the address set forth below:

Landlord: County Manager's Office  
Post Office Box 1809  
Pittsboro NC 27312

Tenant: Firsthealth of the Carolinas, Inc.  
Post Office Box 300  
Pinehurst, NC 28374

25. Binding Effect; Governing Law:

This Lease shall be binding upon and inure to the benefit of the Landlord and Tenant and their respective successors and assigns. This Lease shall be conducted under the laws of the State of North Carolina, and any action hereunder shall be venued in the Superior Court of Chatham County.

26. Entire Agreement; Memorandum of Lease:

This Agreement and the Exhibits hereto contain the entire understanding of "Tenant" and "Landlord" with respect to the subject matter hereof, and supersede all negotiations, prior or contemporaneous discussions, agreements, or understandings, whether written or oral. At Tenant's request and expense, Landlord and Tenant shall enter into a Memorandum of Lease that may be recorded in the applicable county registry.

27. Authority:

Signatures below represent and warrant that they are duly empowered to execute this Agreement.

28. Counterparts:

This Agreement may be executed in several counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument.

29. Headings:

The headings to this Agreement are for convenience of reference and in no way define, limit or describe the scope or intent of this Agreement of any part hereof, nor in any way affect this Agreement or any part hereof.

30. Rules and Regulations Regarding Use of Premises:

In addition to the requirements, the following Rules and Regulations shall govern the use of the Premises:

- a) No bay doors shall be blocked at any time.
- b) Tenant shall act in a professional manner at all times.
- c) Tenant shall keep the Premises in a clean and organized manner. All equipment and personal items shall be properly stored.
- d) Chatham County's no smoking/no tobacco use/no electronic cigarette use Policy shall apply to the Premises.
- e) A mutually agreed upon Emergency management Plan shall be executed by Landlord and Tenant.
- f) Tenant shall grant unrestricted access to Landlord's Emergency Management Staff and Safety & Risk Manager at any time, with or without notice, for inspection.
- g) Standard Operation Procedures shall apply.

Non-compliance of any of the above shall constitute a violation of this Lease and may be grounds for immediate termination.

(The Remainder of this Page Intentionally Left Blank)

**Signature Page**

IN TESTIMONY WHEREOF, the Landlord and Tenant have each caused this Lease to be signed in its respective corporate name by its President and attested by its Secretary as of the day and year first above written.

**LANDLORD:**

COUNTY OF CHATHAM

BY: \_\_\_\_\_  
Renee F. Paschal, County Manager

ATTEST:

\_\_\_\_\_  
Lindsay, K. Ray, NCCCC, Clerk  
Chatham County Board of Commissioners

(Corporate Seal)

**TENANT:**

FIRSTHEALTH OF THE CAROLINAS,  
INC.

By: \_\_\_\_\_  
Brian T. Canfield, COO

ATTEST:

\_\_\_\_\_  
Signature

**EXHIBIT A-PREMISES**

(Insert Premises Description and Line Drawing)