



Chatham County, NC

Meeting Agenda - Final

Board of Commissioners

Thursday, September 3, 2020

6:00 PM

Agriculture and Conference Center

Residents may participate in the meeting remotely
by registering for the GoTo Webinar at:
<https://attendee.gotowebinar.com/register/5093823375286129424>

INVOCATION and PLEDGE OF ALLEGIANCE

CALL TO ORDER

APPROVAL OF AGENDA and CONSENT AGENDA

The Board of Commissioners uses a Consent Agenda to act on non-controversial routine items quickly. The Consent Agenda is acted upon by one motion and vote of the Board. Items may be removed from the Consent Agenda and placed on the Regular Agenda at the request of a Board member or citizen. The Consent Agenda contains the following items:

[20-3603](#)

Vote on a request to approve the May 23, 2019 Budget Work Session Minutes and the May 30, 2019 Budget Work Session Minutes.

Attachments: [05.23.2019 Draft Minutes](#)

[05.30.2019 Draft Minutes](#)

End of Consent Agenda

BOARD PRIORITIES

[20-3609](#)

Introduction of new Pittsboro Town Manager Chris Kennedy

[20-3610](#)

Vote on a request to approve intent to accept lease offer and authorize initiation of upset bid process

Attachments: [Consolidated Health Campus – Siler City](#)

[Chatham County -- Office Lease \(execution version\)](#)

[Ground Lease \(execution version\)](#)

PUBLIC HEARINGS

[20-3577](#)

A Legislative public hearing for a request by JNNJ, LLC, for a conditional district rezoning from R-1 Residential to CD-O&I for office - business, professional, and governmental, Parcel No. 69884 being 5 acres, located at 10441 US 15-501 N, Baldwin Township.

Attachments: [More information from the Planning department website](#)

CLERK'S REPORT

MANAGER'S REPORT

COMMISSIONERS' REPORTS

ADJOURNMENT



Chatham County, NC

Text File

File Number: 20-3603

Agenda Date: 9/3/2020

Version: 1

Status: Approval of Agenda and
Consent Agenda

In Control: Board of Commissioners

File Type: Minutes

Vote on a request to approve the May 23, 2019 Budget Work Session Minutes and the May 30, 2019 Budget Work Session Minutes.



Chatham County, NC

Meeting Minutes

Board of Commissioners

Thursday, May 23, 2019

9:00 AM

Agriculture and Conference Center

Budget Work Session

CALL TO ORDER

Present: 5 - Commissioner Mike Dasher, Vice Chair Diana Hales, Commissioner Jim Crawford, Chair Karen Howard and Commissioner Andy Wilkie

BOARD PRIORITIES

[19-3096](#)

Introduction

Budget Director Lisa West gave a presentation to the Board. (Presentation attached)

Communications Director Mike Reitz gave an update on the requested radio system. The current radio system is a challenge. The new system partners with Viper, which saves the County a lot of money. The County is only building three towers. The new system will allow the County to talk with neighboring counties as well as in the county. Puts us in position for future growth.

Chair Dasher asked Mr. Reitz to talk about the bidding process. Mr. Reitz said they are working with Motorola, a Viper system. It is a state contract. It is under review by the attorneys. Signing now allows us to go through the permitting process.

County Manager Dan LaMontagne stated Mr. Reitz worked hard to get the cost down. Mr. Reitz said amending the tower ordinance to go taller allowed us to save money. A lot of work and thought has been put into this system design.

Commissioner Crawford asked what the life expectancy is of the new system. Mr. Reitz said the towers have a useful life of 30-40 years. Towers last a long time. Handhelds have a lifespan of 7-10 years. The deputies currently have to choose which tower they are going to talk off of. Deputies can't hear each other currently. If the Viper system goes down we will be able to go to a different channel and communicate.

Mr. LaMontagne said the reason the state is taking over maintenance is because the system will be used by Highway Patrol.

Commissioner Wilkie asked what department is responsible for the towers. Mr. Reitz said it is under the communications department.

Mr. LaMontagne said every first responder would tell you this is badly needed.

Mr. Reitz said close to \$1 million is from the 911 funds. Best case is 18-24 months for completion.

Vice Chair Hales said staff may want to do a press release about the need for the system.

Budget Analyst Darrell Butts continued the presentation.

Chair Dasher asked how comfortable staff is with the EOC expansion number. Mr. LaMontagne said staff is still refining the estimates but preliminary numbers are looking good.

19-3097

Revenue

Mr. Butts continued the presentation.

The Board had discussion about increased sales tax and what is binding for future boards.

Budget Director Lisa West said there is an education campaign to use the nine digit zip code for sales tax. Even with the quarter cent our sales tax will be lower than Orange County.

19-3098

Expense

Ms. West continued the presentation.

The Board agreed it would like a copy of the EDC budget. Vice Chair Hales said she would like to see a breakdown of the EDC allocation.

Commissioner Howard has a concern about the Arts Council budget falling under the EDC budget. Mr. LaMontagne said Hilary Pollan will take that on when she gets started. A question was also raised as to where the Small business center should be housed.

Commissioner Howard is interested in hearing from Neha Shah about what other CVBs are doing and what she could possibly tap into. Mr. LaMontagne suggested a one on one.

Chair Dasher said he is curious as to whether or not the veteran services person could help with court services. Mr. LaMontagne said that position really is not for court services.

Chair Dasher asked if there is a way to see what the fire districts spend per capita. Staff will look into it.

The Board discussed the request from Siler City for a .03 tax increase for the fire district. Commissioner Howard would like Siler City to come discuss this with the Board. The Board agreed to ask Siler City to come to the May 30th work session.

19-3099

Discussion

Mr. LaMontagne said the West Chatham Food Pantry is going to lose \$32,000 of funding. They are going to move in with Chatham Trades. They have asked if the

County could assist with the rent payment of \$24,000 a year. If the Board funds this, Ms. Pollan will work with them to help them figure out how to regain that funding.

Commissioner Howard said the students that go from high school to community college lose access to food because there is no more free and reduced lunch. Commissioner Crawford said CCCC has resources available for the students and there is the Last Mile Fund for someone with a special need and the need does not have to be school related.

A motion was made by Commissioner Crawford, seconded by Vice Chair Hales, to approve funding West Chatham Food Pantry's request for \$24,000 for their lease in the budget and use money from contingency. The motion carried by the following vote:

Aye: 5 - Commissioner Dasher, Vice Chair Hales, Commissioner Crawford, Chair Howard and Commissioner Wilkie

A motion was made by Commissioner Crawford, seconded by Vice Chair Hales, to approve a 3% salary increase for the County Manager, Sheriff, and Register of Deeds. The motion carried by the following vote:

Aye: 5 - Commissioner Dasher, Vice Chair Hales, Commissioner Crawford, Chair Howard and Commissioner Wilkie

Vice Chair Hales would like further discussion about a farmland preservation fund at an upcoming meeting. She would like for Alamance County to come and give a presentation on their program. Mr. LaMontagne thinks staff can gather that information and bring it to the Board.

Chair Dasher thanked staff for their hard work on the budget.

A motion was made by Commissioner Crawford, seconded by Commissioner Howard, to approve the FY 20 recommended budget with further discussion on the Siler City fire tax at the May 30th work session. The motion carried by the following vote:

Aye: 5 - Commissioner Dasher, Vice Chair Hales, Commissioner Crawford, Chair Howard and Commissioner Wilkie

ADJOURNMENT

A motion was made by Commissioner Crawford, seconded by Commissioner Howard, that this meeting be adjourned. The motion carried by the following vote:

Aye: 5 - Commissioner Dasher, Vice Chair Hales, Commissioner Crawford, Chair Howard and Commissioner Wilkie



Chatham County, NC

Meeting Minutes

Board of Commissioners

Thursday, May 30, 2019

9:00 AM

Agriculture and Conference Center

Budget Work Session

CALL TO ORDER

Chairman Dasher welcomed those in attendance and called the meeting to order at 9:03 am.

Present: 5 - Chair Mike Dasher, Vice Chair Diana Hales, Commissioner Jim Crawford, Commissioner Karen Howard and Commissioner Andy Wilkie

BOARD PRIORITIES

[19-3104](#)

Receive request from the Town of Siler City for a Fire District tax increase.

Mr. Scott Murphy, the Fire Chief for Siler City, reviewed the history of the fire district.

Mr. Murphy explained that the 3 cent increase by the city would provide for 3 drivers, enabling 24-hour a day coverage. With the 3 cents from the County, they would be able to add a deputy chief. The deputy chief would be sent to investigation school. They believe the additional tax would amount to a \$25-\$50 increase per homeowner.

Vice Chair Hales asked Mr. Murphy to confirm that they would be adding 4 personnel total. Mr. Murphy stated that was correct.

Siler City Town Manager Bryan Thompson said he likes to think there is a return on investment. They believe the additional funds will allow them to make the upgrades that will improve the ISO rating which will, in turn, lower the homeowner's fire insurance.

Vice Chair Hales asked if the three cents would be dedicated to fire or if it would go to general fund. Mr. Thompson responded that it goes to the general fund but is then dedicated to the fire district.

Commissioner Crawford asked if anyone had voiced opposition to the three cent increase. Mr. Thompson said that no one had but the public hearing is on June 17th. Mr. Murphy informed the Board that the volunteers are actually the ones driving the request for paid staff.

Commissioner Crawford stated Siler City has the largest population in the county and also the most vulnerable people. This would also help when the megasite is occupied.

Commissioner Wilkie asked if Mountaire will add to Siler City the tax base. Mr. Thompson said that Mountaire has a five-year tax incentive.

Vice Chair Hales stated it would be a good idea to explain the tax increase at the Siler City public hearing.

A motion was made by Commissioner Crawford, seconded by Commissioner Howard, that the Request for a Fire District Tax Increase of three cents be approved. The motion carried by the following vote:

Aye: 5 - Chair Dasher, Vice Chair Hales, Commissioner Crawford, Commissioner Howard and Commissioner Wilkie

[19-3105](#)

Discussion

The Board had no further discussion.

ADJOURNMENT

A motion was made by Commissioner Crawford, seconded by Commissioner Howard, that this meeting be adjourned. The motion carried by the following vote:

Aye: 5 - Chair Dasher, Vice Chair Hales, Commissioner Crawford, Commissioner Howard and Commissioner Wilkie



Chatham County, NC

Text File

File Number: 20-3609

Agenda Date: 9/3/2020

Version: 1

Status: Board Priorities

In Control: Board of Commissioners

File Type: Agenda Item

Introduction of new Pittsboro Town Manager Chris Kennedy



Chatham County, NC

Text File

File Number: 20-3610

Agenda Date: 9/3/2020

Version: 1

Status: Agenda Ready

In Control: Board of Commissioners

File Type: Contract

Agenda Number:

Vote on a request to approve intent to accept lease offer and authorize initiation of upset bid process

Action Requested: Vote on a request to approve intent to accept lease offer and authorize initiation of upset bid process

Introduction & Background: The County has been working with Piedmont Health for expansion of their facilities and co-location with the County Health Department.

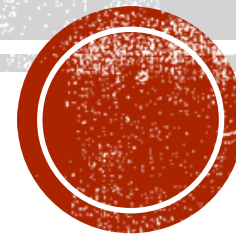
Discussion & Analysis: We have identified a location on a county owned parcel across from Chatham Hospital on Progress Blvd. A third party, Siler City Investment LLC, has agreed to construct a facility that will include approximately 7,000 square feet of finished office space for use by Chatham County in addition to the space needs for Piedmont Health. The cost of the lease will be \$1 per year for 99 years in exchange for the county leasing approximately 5 acres to Siler City Investment LLC for the facility at a cost of \$1 per year for 99 years.

How does this relate to the Comprehensive Plan:

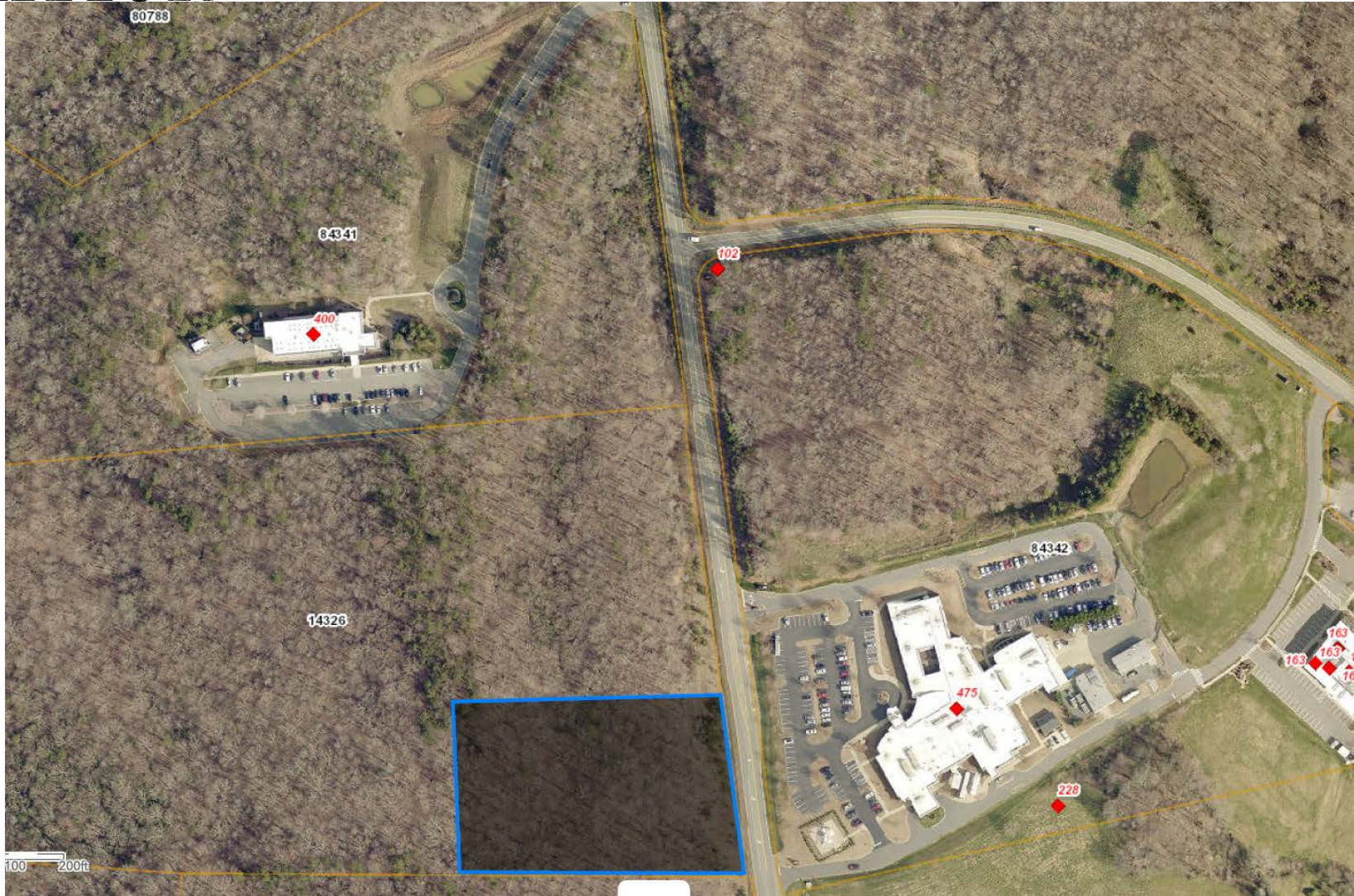
Budgetary Impact: None

Recommendation: Motion to approve intent to accept lease offer and authorize initiation of upset bid process

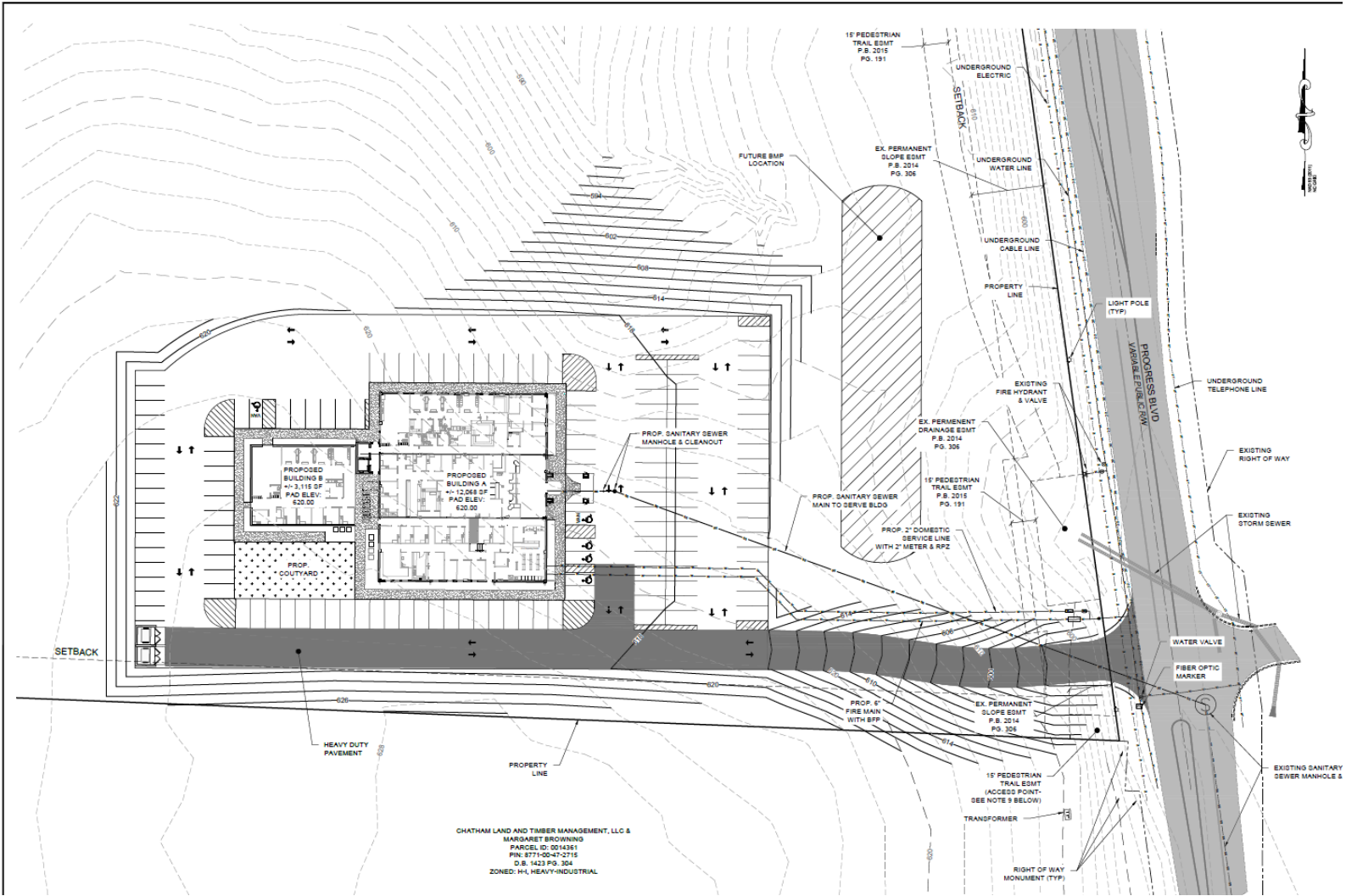
CONSOLIDATED HEALTH CAMPUS — SILER CITY



LOCATION



PRELIMINARY SITE LAYOUT



LEASE AGREEMENTS

- Worked with Siler City Investment LLC (CapStack Partners) on co-location with Piedmont Health
 - Ground Lease
 - 4-5 acres
 - \$1 per year for 99 years
 - Office Lease
 - Approximately 7,000 sf
 - \$1 per year for 99 years



PERMITTED USES

- Office Lease
 - General medical (public health) office and/or governmental office use, including any lawful governmental or public purpose related to health and medical services to the public, social assistance or social services (but not to include detention services or court hearings), including wrap-around services to the public.
- Ground Lease
 - Office building for the provision of medical services and other similar office and medical office uses, and other ancillary and related uses, and any other uses which are permitted by the terms of the Office Lease.



NEXT STEPS

- Any lease greater than 10 years is processed as a sale.
- Terms of the agreement must be advertised and follow the upset bid process.
 - Upset bid must increase the purchase price of the land while including all of the negotiated terms of this offer.
- BOC intent to accept this offer and authorize the initiation of the upset bid process.
- Assuming upset bid process is concluded, BOC approval by resolution at October 19th regular meeting.



OFFICE LEASE

SILER CITY INVESTMENT, LLC
a North Carolina limited liability company
LANDLORD

and

CHATHAM COUNTY
a body politic and corporate of the State of North Carolina
TENANT

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OFFICE LEASE

THIS OFFICE LEASE (“Lease”), made this ____ day of _____, 2020, by and between **SILER CITY INVESTMENT, LLC**, a North Carolina limited liability company (“Landlord”), and **CHATHAM COUNTY**, a body politic and corporate of the State of North Carolina (“Tenant”), provides as follows:

1. BASIC DEFINITIONS AND PROVISIONS. The following basic definitions and provisions apply to this Lease:

a. Premises.	Rentable Square Feet:	Approximately 7,000 rentable square feet, which shall be updated and determined by a final, mutually agreed space plan for the Premises.
	Suite:	<i>To be determined</i>
	Building:	<i>To be determined.</i> The Building has not yet been named.
	Building Square Feet:	<i>To be determined</i>
	Street Address:	____ Progress Blvd
	City/County:	Siler City, Chatham County
	State/Zip Code:	North Carolina, 27344

Upon a final determination of the total space of the Premises and the Building in accordance with BOMA standards, and other information in this Section 1(a), Landlord and Tenant will amend the Lease to confirm and ratify this information.

b. Term.	Number of Months:	Approximately Ninety-Nine (99) Years.
	Lease Commencement Date:	The full execution of this Lease.
	Rent Commencement Date:	The same date as the Rent Commencement Date (as defined in the Ground Lease (hereinafter defined)).
	Expiration Date:	The earlier of (i) the last day of the calendar month that is ninety-nine (99) years from the Rent Commencement Date, or (ii) the date of that certain separate Ground Lease, dated as of the date hereof by and between Landlord as “lessee” and Tenant as “lessor” (as amended, modified or restated from time to time, the “Ground Lease”), expires (the “Expiration Date”).

c. **Lease Year.** The term “Lease Year” shall have the following meaning: (i) the first Lease Year shall commence as of the Rent Commencement Date and shall end on the last day of the 12th full month thereafter; and (ii) each successive Lease Year shall be the 12-month period commencing on the day immediately following the last day of the prior Lease Year except for any shorter period necessitated by the expiration or earlier termination of the Lease. If the Rent Commencement Date is not the first day of a calendar month, the first Lease Year shall include the partial month that includes the Rent Commencement Date and the 12 full months immediately following the partial month.

d. **Permitted Use.** General medical (public health) office and/or governmental office use, including any lawful governmental or public purpose related to health and medical services to the public, social assistance or social services (but not to include detention services or court hearings), including wrap-around services to the public for which it may from time to time be suited, and no other use or purposes without Landlord’s written consent, which shall not be unreasonably withheld.

e. **Occupancy Limitation.** *INTENTIONALLY DELETED.*

f. **Base Rent.** Beginning on the Rent Commencement Date and continuing throughout the Term, Tenant shall pay to Landlord, without demand, set-off, or deduction whatsoever, annual Base Rent of One Dollar (\$1.00) per year, without increase or escalation.

g. **Rent Payment.** See Section 5.a hereof.

h. **Rent Prepayment.** N/A.

i. **Business Hours.** 8:00 A.M. to 6:00 P.M. Monday through Friday (excluding National and State Holidays), and 8:00 A.M. to 1:00 P.M. on Saturday.

j. **Electrical Service.** No more than 3.5 watts per usable square foot for convenience outlets.

k. **After Hours HVAC.** Tenant will be charged for after-hours HVAC based on actual usage. Tenant's space will be sub metered at Tenant's cost, and included in any tenant improvement allowance.

l. **Parking.** Unreserved and nonexclusive parking of no less than (a) that number of spaces per 1,000 square feet as may be required from time to time by applicable law, including required handicap accessible parking and visitor parking for use of all tenants in the Building on a first come, first served basis or (b) as set forth on **Exhibit D**, whichever is greater. See **Exhibit D** for Tenant's Parking Rights and Building Parking Rules.

m. **Access Cards.** N/A

n. **Notice Addresses.**

LANDLORD:

Siler City Investment, LLC
c/o CapStack Partners
99 Wall Street, Suite 3911
New York, NY 10005
Attn: David Blatt

With a copy to

Longleaf Law Partners
4509 Creedmoor Road, Suite 302
Raleigh, N.C. 27612
Attn: T. Carlton Younger, III

TENANT:

Chatham County
P. O. Box 1809
Pittsboro, NC 27312
Attention: County Manager

With a copy to

Chatham County
P. O. Box 1809
Pittsboro, NC 27312
Attention: County Attorney

o. **Broker.** *Not applicable.*

p. **Authorized Representative (for Tenant)** The then-serving County Manager of Chatham County (or his or her designee).

- q. **Guarantor.** None.
- r. **Project.** The Building, all Common Areas, and the real estate upon which the Building and the Common Areas are located.

2. LEASED PREMISES.

a. **Premises.** Landlord leases to Tenant and Tenant leases from Landlord the Premises identified in Section 1a and as more particularly shown on **Exhibit A-1**, attached hereto. The Premises are part of the real estate described in **Exhibit A-2**, attached hereto (the "Land").

b. **Rentable Square Foot Determination.** The parties acknowledge and agree that all square foot measurements are approximate, but that upon confirmation of the square footages in accordance with Section 3(a)(iii) and elsewhere in this Lease, the square footage figures in Section 1a shall be conclusive for all purposes with respect to this Lease.

c. **Common Areas.** Tenant shall have non-exclusive access to those portions of the Building not set aside for leasing to tenants or reserved for Landlord's exclusive use, including, but not limited to, entrances, hallways, lobbies, elevators, restrooms, walkways, parking areas and structures, and plazas, if any ("Common Areas"). Landlord has the exclusive right to (i) designate the Common Areas, (ii) change the designation of any Common Area and otherwise modify the Common Areas, and (iii) permit special use of the Common Areas, including temporary exclusive use for special occasions. Tenant shall not interfere with the rights of others to use the Common Areas. All use of the Common Areas shall be subject to any rules and regulations reasonably promulgated by Landlord.

3. TERM.

a. **Commencement and Expiration Dates.** The Term of this Lease commences on the Lease Commencement Date and expires on the Expiration Date, as set forth in Section 1b. The Rent Commencement Date and Expiration Date shall be adjusted as follows:

i. If Tenant requests possession of the Premises prior to the Rent Commencement Date, and Landlord consents, the Rent Commencement Date shall be the date of possession. All obligations under this Lease with the exception of the obligation to pay Rent shall begin on the Lease Commencement Date, but the Expiration Date shall remain the same.

ii. *Intentionally Deleted.*

iii. At Landlord's election, the Lease Commencement Date, the Rent Commencement Date, and Expiration Date may be set forth in a Certificate as to Term of Lease similar to **Exhibit B**, attached hereto, to be prepared by Landlord and promptly executed by the parties once the Lease Commencement Date, Rent Commencement Date and Expiration Date have been established as set forth herein, which shall also confirm the Premises and Building square footages as determined in accordance with BOMA standards in accordance with the terms of this Agreement.

b. **Delivery of Possession.** Unless otherwise specified in the Work letter attached as Lease Addendum Number One, "delivery of possession" of the Premises shall mean the earlier of: (i) the date Landlord has the Premises ready for occupancy by Tenant including completion of the Work as set forth on Lease Addendum Number One attached hereto and incorporated herein, or (ii) the date Landlord could have had the Premises ready had there been no delays attributable to Tenant, but in no event shall Landlord deliver possession of the Premises to Tenant later than the Outside Date (as defined in the Ground Lease).

c. **Adjustment of Expiration Date.** If the Expiration date does not occur on the last day of a calendar month, then Landlord, at its option, may extend the Term by the number of days necessary to cause the Expiration Date to occur on the last day of the last calendar month of the Term. Tenant shall pay Base Rent and Additional Rent for such additional days at the same rate payable for the portion of the last calendar month immediately preceding such extension.

d. **Right to Occupy.** In the event Landlord elects to set forth the Lease Commencement Date, Rent Commencement Date, and Expiration Date in a Certificate as set forth in Section 3a.iii. above, Landlord shall deliver such Certificate to Tenant pursuant to Section 25 below and thereafter the parties shall execute the

Certificate. Tenant shall not occupy the Premises until Tenant has delivered of all certificates of insurance required under this Lease. Tenant's failure to deliver such certificates of insurance shall not delay the Rent Commencement Date.

e. **Termination of Lease prior to Rent Commencement Date.** In the event that the Ground Lease, is terminated prior to the Rent Commencement Date, then this Lease shall automatically terminate and have no further force or effect.

4. **USE.**

a. **Permitted Use.** The Premises may be used only for the Permitted Use as defined in Section 1d. Tenant shall not use the Premises:

i. In violation of that certain Declaration of Covenants, Conditions and Restrictions for Central Carolina Business Campus, recorded at Book 1292, Page 1071 of the Chatham County Registry, and any amendments thereto;

ii. In any manner that constitutes a nuisance or trespass or disturb other tenants in the Building;

iii. In any manner which increases any insurance premiums, or makes such insurance unavailable to Landlord on the Building; provided that, in the event of an increase in Landlord's insurance premiums which results from Tenant's use of the Premises, Landlord may elect to permit the use and charge Tenant for the increase in premiums, and Tenant's failure to pay Landlord the amount of such increase within 10 days after receipt of Landlord's written demand shall be an event of default;

iv. In any manner that creates unusual demands for electricity, heating or air conditioning; or

v. For any purpose except the Permitted Use, unless consented to by Landlord in writing, which consent shall not be unreasonably withheld, conditioned or delayed.

b. **Prohibited Equipment in Premises.** Tenant shall not use or install any equipment in the Premises that places unusual demands on the electrical, heating or air conditioning systems ("High Demand Equipment") without Landlord's prior written consent. For the purposes of this Lease, "unusual demands" shall mean usage of the electrical, heating or air conditioning systems serving the Premises that materially exceeds the usage of similar systems under similar circumstances in comparable first-class office buildings located in the greater Chatham County, North Carolina area. No such consent will be given if Landlord determines, in its opinion, that such High Demand Equipment may not be safely used in the Premises or that electrical service is not adequate to support the High Demand Equipment. Landlord's consent may be conditioned, without limitation, upon separate metering of the High Demand Equipment and Tenant's payment of all engineering, equipment, installation, maintenance, removal and restoration costs and utility charges associated with the High Demand Equipment and the separate meter, as well as administrative costs as provided below. If High Demand Equipment used in the Premises by Tenant affects the temperature otherwise maintained by the heating and air conditioning system, Landlord shall have the right to install supplemental air conditioning units in the Premises and/or require Tenant to use any existing supplemental units serving the Premises. If supplemental units are required by Landlord pursuant to the foregoing sentence, or if Tenant requests the installation and/or use of any supplemental use of any supplemental units, then the cost of engineering, installation, operation and maintenance of the units shall be paid by Tenant. All costs and expenses relating to High Demand Equipment and Landlord's administrative costs (such as reading meters and calculating invoices) shall be Additional Rent, payable by Tenant in accordance with Section 5c.

5. **RENT.**

a. **Payment Obligations.** Beginning on the Rent Commencement Date, Tenant shall pay Base Rent and Additional Rent (collectively, "Rent") on or before the first day of each calendar month during the Term, as follows:

i. Rent payments shall be made by electronic transfer to an account designated by Landlord.

ii. Rent shall be paid without previous demand or notice and without set off or deduction. Tenant's obligation to pay Rent under this Lease is completely separate and independent from any of Landlord's obligations under this Lease. Any payment by Tenant or acceptance by Landlord of a lesser amount than shall be due from Tenant to Landlord shall be treated as a payment on account. The acceptance by Landlord

of a check or other draft for a lesser amount with an endorsement or statement thereon, or upon any letter accompanying such check, that such lesser amount is payment in full shall be given no effect, and Landlord may accept such check or draft without prejudice to any other rights or remedies which Landlord may have against Tenant.

iii. If the Rent Commencement Date is a day other than the first day of a calendar month, then Rent for such month shall be (i) prorated for the period between the Rent Commencement Date and the last day of the month in which the Rent Commencement Date falls, and (ii) due and payable on the Rent Commencement Date.

iv. If Rent is not received within five days of the due date, Landlord shall be entitled to an overdue payment fee in the amount of the greater of \$10.00 or five percent (5%) of the overdue Rent.

b. **Base Rent.** Tenant shall pay Base Rent as set forth in Section 1f; provided, however, that there is no Base Rent due from Tenant under this Lease.

c. **Additional Rent.** During the Term of the Lease, Tenant shall pay to Landlord, as additional rent ("Additional Rent"), in accordance with the terms of Lease Addendum Number Two.

6. **SECURITY DEPOSIT.** **None.**

7. **SERVICES BY LANDLORD.**

a. **Base Services.** Provided that Tenant is not then in default beyond any applicable cure period, Landlord shall cause to be furnished to the Building, or as applicable, the Premises, in common with other tenants the following services:

- i. Water (if available from city mains) for drinking, lavatory and toilet purposes.
- ii. Electricity (if available from the utility supplier) for the building standard fluorescent lighting and for the operation of general office machines.
- iii. Operatorless elevator service;
- iv. Building standard lighting; Tenant shall service, replace and maintain at its own expense any lighting other than the lighting included within Building Standard Improvements, and any dimmers or lighting controls other than controls for the building standard lighting.
- v. Heating and air conditioning for the reasonably comfortable use and occupancy of the Premises during Business Hours as set forth in Section 1i.
- vi. After Business Hours and holiday heating and air conditioning shall be as set forth in Section 1k.
- vii. Janitorial services five days a week (excluding National and State holidays) after Business Hours.
- viii. A reasonable pro-rata share of the unreserved, nonexclusive parking spaces of the Building, for use by Tenant's employees and visitors in common with the other tenants and their employees and visitors.
- ix. A reasonable number of after hour access cards, specified in Section 1m, to the Premises upon the Rent Commencement Date. Should Tenant require additional cards, or require replacement cards, a charge will be assessed as specified in Section 1m, for each additional card or replacement card.

b. **Landlord's Maintenance.** Landlord shall make all repairs and replacements to the Building (including Building fixtures and equipment), Common Areas and Building Standard Improvements in the Premises, except for repairs and replacements that Tenant must make under Article 8. Landlord shall not be obligated to repair or maintain Non-Standard Improvements (as defined in this Lease). Landlord's maintenance shall include the roof, foundation, exterior walls, interior structural walls, all structural components, and all Building systems, such as mechanical, electrical, HVAC, and plumbing. Repairs or replacements shall be made within a reasonable time (depending on the nature of the repair or replacement needed) after receiving notice from Tenant or Landlord having actual knowledge of the need for a repair or replacement.

Notwithstanding the foregoing or any provision herein to the contrary, in the event that any supplemental air conditioning units are installed in the Premises pursuant to Section 4b above by or on behalf of Tenant, at Tenant's request or by Landlord, Tenant shall be solely responsible for all costs associated with the installation,

operation, maintenance, repair and replacement of the supplemental units, including, without limitation, all electrical costs associated with the supplemental units, which shall be separately metered and due and payable by Tenant within 10 days after receipt of Landlord's invoice. Notwithstanding the foregoing, any supplemental units that are two tons or less shall not be separately metered; instead, Tenant shall reimburse Landlord on a monthly basis for the costs and expenses associated with electrical service for each of these units (the "HVAC Reimbursement"). The monthly HVAC Reimbursement shall be Additional Rent and shall be due and payable at the same time and in the same manner as monthly Base Rent. The amount of the monthly HVAC Reimbursement for each unit shall be determined according to the following formula:

$$(\# \text{ tons of the supplemental unit}) \times (1.5 \text{ kW/ton}) \times (500 \text{ hours}) \times (\text{Average Rate/kWh}) = \text{monthly HVAC Reimbursement per unit}$$

The Average Rate/kWh is a fraction, the numerator of which is the average cost of electricity billed to Landlord by the applicable utility provider during the applicable billing cycle, and the denominator of which is the total kWh consumed at the Building during that same billing cycle. Landlord shall have the right to adjust the monthly HVAC Reimbursement annually based on the Average Rate/kWh for the preceding 12-month period, and Landlord shall notify Tenant in writing of the adjustment. With respect to determining the Average Rate/kWh for any newly constructed buildings, the Average Rate/kWh for the first 12 months following the completion of the new building shall be the average of the Average Rate/kWh for all of the buildings owned by Landlord or its affiliates in the greater Chatham County, North Carolina area for the billing cycle immediately preceding the completion of the new building; thereafter, the Average Rate/kWh for the new building shall be determined and adjusted as set forth above.

c. **No Abatement.** There shall be no abatement or reduction of Rent by reason of any of the foregoing services not being continuously provided to Tenant unless the failure to provide any of the foregoing services was caused directly by Landlord or Landlord's agents' gross negligence or willful misconduct. If any essential service is interrupted or curtailed to the Premises for a period of ten (10) consecutive days (the "Interruption"), and the Interruption was caused by Landlord or Landlord's agents' gross negligence or willful misconduct, then Rent for the Premises shall completely abate from the date which is ten (10) days following the Interruption and shall continue to be abated until such service is fully restored to the Premises. Landlord shall have the right to shut down the Building systems (including electricity and HVAC systems) for required maintenance and safety inspections, and in cases of emergency.

Moreover, Landlord agrees to use its best efforts to furnish the services provided to Tenant in this Lease. If as a result of any failure to furnish or delay in furnishing such services hereunder, the Premises are rendered substantially untenantable for a period of more than seventy-two (72) consecutive hours, then the Tenant shall have a right of action against the Landlord for such amounts of Rent (including, without limitation, Additional Rent) actually paid by Tenant to Landlord for any period of untenantability following the first seventy-two (72) consecutive hours of untenantability. However, in no event shall the Landlord be liable for consequential damages. Tenant shall have no right of off set against Rent to be paid and Tenant shall have no right to abate the Rent. Tenant understands and agrees that the Landlord shall not be liable for such amounts of Rent actually paid for periods of untenantability after the first seventy-two (72) consecutive hours if:

- (i) such periods of untenantability is the direct or indirect result of the acts or omissions of the Tenant (including but not limited to, the Tenant's officers, directors, managers, employees, agents, and invitees); or
- (ii) such period of untenantability is attributable to strike, lockout, civil disorder, failure of power, riots, insurrections, war, fuel shortages, accidents, casualties, acts of nature or any other cause beyond the reasonable control of Landlord.

In the event such period of untenantability shall exist for more than thirty (30) days, Tenant shall have the right to terminate this Lease by written notice given to Landlord at any time after thirty (30) and before ninety (90) days after the commencement of any such period of untenantability if Landlord has failed to restore the Building (including the Premises) to a tenantable state within thirty (30) days after the commencement of such period of untenantability, or at any time on or before thirty (30) days after the commencement of any such period of untenantability that Tenant receives notice that the Premises will not be restored to a tenantable condition within

thirty (30) days after the commencement of any such period of untenability.

d. **Tenant's Obligation to Report Defects.** Tenant shall report to Landlord immediately any defective condition in or about the Premises known to Tenant.

e. **Limitations on Landlord's Liability.** Landlord shall not be liable to Tenant for any damage caused to Tenant and its property due to the Building or any part or appurtenance thereof being improperly constructed or being or becoming out of repair, or arising from the leaking of gas, water, sewer, or steam pipes, or problems with electrical service, unless arising as a result of the negligence or willful misconduct of Landlord.

8. TENANT'S ACCEPTANCE AND MAINTENANCE OF PREMISES.

a. **Acceptance of Premises.** Except as expressly provided otherwise in this Lease, Tenant's occupancy of the Premises as of the Rent Commencement Date is Tenant's representation to Landlord that (i) Tenant has examined and inspected the Premises, (ii) finds the Premises to be as represented by Landlord and satisfactory for Tenant's intended use, and (iii) constitutes Tenant's acceptance of the Premises "as is". Landlord makes no representation or warranty as to the condition of the Premises except as specifically set forth elsewhere in this Lease.

b. **Move-In Obligations.** Tenant shall schedule its move-in with the Landlord's Property Manager. Unless otherwise approved by Landlord's Property Manager, move-in shall not take place during Business Hours. Prior to the move-in, Tenant must provide the name, address and contact information for Tenant's moving company, and the moving company must comply with Landlord's requirements, including insurance. During Tenant's move-in, a representative of Tenant must be on-site with Tenant's moving company to insure proper treatment of the Building and the Premises. Elevators, entrances, hallways and other Common Areas must remain in use for the general public during business hours. Any specialized use of elevators or other Common Areas must be coordinated with Landlord's Property Manager. Tenant must properly dispose of all packing material and refuse in accordance with the Rules and Regulations. Any damage or destruction to the Building or the Premises caused by Tenant or its moving company, employees, agents or contractors during Tenant's move-in will be the sole responsibility of Tenant.

c. **Tenant's Maintenance.** Tenant shall: (i) keep the Premises and fixtures in good order; (ii) repair and replace Non-Standard Improvements installed by or at Tenant's request that serve the Premises (unless the Lease is ended because of casualty loss or condemnation); and (iii) not commit waste. "Non-Standard Improvements" means such items as (i) High Demand Equipment and separate meters, (ii) all wiring and cabling from the point of origin to the termination point, (iii) raised floors for computer or communications systems, (iv) telephone equipment, security systems, and UPS systems, (v) equipment racks, (vi) alterations installed by or at the request of Tenant after the Rent Commencement Date, (vii) equipment installed in a kitchen, kitchenette or break room within the Premises, including any ice machine, refrigerator, dishwasher, garbage disposal, coffee machine and microwave, sink and related faucets, water filter and water purification system, (viii) kitchen drain lines; and (viii) any other improvements that are not part of the Building Standard Improvements, including, but not limited to, special equipment, decorative treatments, lights and fixtures and executive restrooms.

d. **Alterations to Premises.** Tenant shall make (i) no structural alterations to the Premises without the prior written approval of Landlord, which may be granted or withheld by Landlord in its sole discretion, (ii) no non-structural changes to the Premises without the prior written approval of the Landlord, which approval shall not be unreasonably withheld, conditioned or delayed; provided, however, that Tenant may make interior and cosmetic alterations to the Premises with a value in excess of \$5,000 for any one alteration or \$10,000 for any series of related alterations without the prior written approval of Landlord so long the alterations are not inconsistent with the Building's existing characteristics, colors, and improvements and do not materially reduce the value of the Premises and Building. If Tenant requests such alterations, Tenant shall provide Landlord with a complete set of construction drawings. If the requested alterations are approved by Landlord, then Landlord shall determine the actual cost of the work to be done. Tenant may then either agree to pay Landlord to have the work done or withdraw its request for alterations. The construction supervision fee for the initial tenant improvements shall be as provided in the attached Work Letter, if any. Prior to commencing any work on the Premises (including but not limited to Tenant's Work) for which the total anticipated cost is equal to or greater than Thirty Thousand Dollars (\$30,000.00), Tenant shall provide Landlord with the contact information for Tenant's registered lien agent pursuant to N.C. Gen. Stat. Sections 44A-11.1 and 44A-11.2 (the "44A Notice"). The 44A Notice shall

also include the transaction number for the project as assigned by www.liensnc.com. Prior to commencing any work, Tenant shall: (a) comply with the requirements of N.C. Gen. Stat. Section 44A-11.2(d) and 44A-11.2(e) for the posting of the building permit (if any) and registered lien agent contact information; (b) include the registered lien agent contact information in any contract for the performance or furnishing of: labor, professional design or surveying services, materials, or rental equipment; and (c) shall require all Tenant's contractors to include in their subcontracts the contact information for the registered lien agent.

In addition to all other remedies available to Landlord at law, in equity, and hereunder, Tenant's failure to comply with the requirements of this Paragraph 8 shall constitute an immediate Event of Default hereunder and shall entitle Landlord to undertake any actions Landlord deems necessary to satisfy the requirements of N.C. Gen. Stat. Sections 44A-11.1 and 44A-11.2 on Tenant's account and at Tenant's sole cost and expense, which costs and expenses shall include, without limitation, all attorneys' fees and, court costs, and an administrative fee equal to fifteen percent (15%) of all expenses and costs incurred by Landlord. Such costs, expenses and fees shall be payable by Tenant as Additional Rent hereunder or, at Landlord's discretion, may be set off against any amount due and owing Tenant hereunder.

e. **Restoration of Premises.** At the expiration or earlier termination of this Lease, Tenant shall (i) deliver each and every part of the Premises in good repair and condition, ordinary wear and tear and damage by insured casualty excepted, and (ii) restore the Premises at Tenant's sole expense to the same condition as existed at the Rent Commencement Date, ordinary wear and tear and damage by insured casualty excepted. If Tenant has required or installed Non-Standard Improvements, such improvements shall be removed as part of Tenant's restoration obligation. Landlord, however, may grant Tenant the right to leave any Non-Standard Improvements in the Premises if at the time of such Non-Standard Improvements were installed, Landlord agreed in writing that Tenant could leave such improvements. Tenant shall repair any damage caused by the removal of any Non-Standard Improvements.

f. **Landlord's Performance of Tenant's Obligations.** If Tenant does not perform its maintenance or restoration obligations in a timely manner, commencing the same within five days after receipt of notice from Landlord specifying the work needed, and thereafter diligently and continuously pursuing the work until completion, then Landlord shall have the right, but not the obligation, to perform such work on Tenant's behalf. Any amounts expended by Landlord on such maintenance or restoration shall be Additional Rent to be paid by Tenant to Landlord within ten (10) business days after demand, and shall also include a construction oversight fee to Landlord of four percent (4%).

g. **Construction Liens.** Tenant shall keep Landlord's property, including, without limitation, the Premises, Building, Common Areas and real estate upon which the Building and Common Areas are situated (collectively "Landlord's Property"), free from any liens arising out of any work performed, materials furnished, or obligations incurred by or on behalf of Tenant. Should any lien or claim of lien be filed against Landlord's Property by reason of any act or omission of Tenant or any of Tenant's agents, employees, contractors or representatives, then Tenant shall cause the same to be canceled and discharged of record by bond or otherwise within thirty (30) days after Tenant receives notice of the filing thereof. Should Tenant fail to discharge the lien within said thirty (30) day period, then Landlord may discharge the lien. The amount paid by Landlord to discharge the lien (whether directly or by bond), plus all administrative and legal costs incurred by Landlord, shall be Additional Rent payable by Tenant within ten (10) business days after receipt of Landlord's written demand. The remedies provided herein shall be in addition to all other remedies available to Landlord under this Lease or otherwise.

9. **PROPERTY OF TENANT.** Tenant shall pay when due all taxes levied or assessed upon Tenant's equipment, fixtures, furniture, leasehold improvements and personal property located in the Premises. Provided Tenant is not in default, Tenant may remove all fixtures and equipment which it has placed in the Premises; provided, however, Tenant must repair all damages caused by such removal. If Tenant does not remove its property from the Premises upon the expiration or earlier termination (for whatever cause) of this Lease, such property shall be deemed abandoned by Tenant, and Landlord may dispose of the same in whatever manner Landlord may elect without any liability to Tenant.

10. **SIGNS.** Tenant may not erect, install or display any sign or advertising material upon the exterior of the Building or Premises (including any exterior doors, walls or windows) without the prior written consent of Landlord, which consent may be granted or withheld in Landlord's reasonable discretion. Any signage installed by Tenant shall comply with all municipal laws, codes and regulations, and Landlord's reasonable Building signage criteria. Landlord shall provide and install at its sole cost and expense, signage for the Suite and directory

signage on the directory panel on the first floor, all as included within Building Standard Improvements, unless otherwise provided in the Work Letter attached as Lease Addendum Number One. Tenant's signage rights shall be substantially similar to other tenant(s) in the Building, considering the Tenant's percentage of square footage in the Building compared to other Building tenants.

11. ACCESS TO PREMISES.

a. **Tenant's Access.** Tenant, its agents, employees, invitees, and guests, shall have access to the Premises and reasonable ingress and egress to the Common Areas of the Building twenty four (24) hours a day, seven (7) days a week; provided, however, Landlord by reasonable regulation may control such access for the comfort, convenience, safety and protection of all tenants in the Building, or as needed for making repairs and alterations. Tenant shall be responsible for providing access to the Premises to its agents, employees, invitees and guests after Business Hours and on weekends and holidays, but in no event shall Tenant's use of and access to the Premises during non-Business Hours compromise the security of the Building.

b. **Landlord's Access.** Landlord shall have the right to enter the Premises at any time without notice in the event of an emergency. Additionally, Landlord shall have the right, at all reasonable times and upon at least twenty-four (24) hours prior oral notice to Tenant and in such a way as not to disrupt Tenant's business, either itself or through its authorized agents, to enter the Premises (i) to make repairs, alterations or changes that Landlord is permitted or required to make pursuant to the terms of this Lease, (ii) to inspect the Premises, mechanical systems and electrical devices, and (iii) to show the Premises to prospective mortgagees and purchasers; provided, however, that any such repairs, alterations or changes are performed in such a way as to minimize disruption to Tenant's business and do not materially alter the value of Tenant's leasehold interest. Within one hundred eighty (180) days prior to the Expiration Date, Landlord shall have the right, either itself or through its authorized agents, to enter the Premises at all reasonable times to show prospective tenants. Except in cases of emergency, Landlord shall use reasonable efforts to minimize any interruption to Tenant's business operations during any entry by Landlord into the Premises.

Landlord acknowledges that, in order for Tenant to comply with the Health Insurance Portability and Accountability Act ("HIPAA"), Tenant must restrict access to the portions of the Premises where patient medical records are kept or stored. Therefore, notwithstanding anything in this Lease to the contrary, Landlord agrees that, except for an emergency entry into the Premises or when accompanied by an authorized representative of Tenant, neither Landlord nor its respective employees, agents, representative or contractors shall be permitted to enter those areas of the Premises designated by Tenant as locations where patient medical records are kept and/or stored. Tenant shall clearly designate such restricted areas or otherwise inform Landlord as to the locations of those areas within the Premises.

12. TENANT'S COMPLIANCE. Tenant shall comply with all applicable laws, ordinances and regulations affecting the Premises, whether now existing or hereafter enacted. Tenant shall comply with the Rules and Regulations attached as **Exhibit C**. The Rules and Regulations may be modified from time to time by Landlord, effective as of the date delivered to Tenant or posted on the Premises, provided such rules are reasonable in scope and uniformly applicable to all tenants in the Building. Any conflict between this Lease and the Rules and Regulations shall be governed by the terms of this Lease.

13. ADA COMPLIANCE.

a. **Tenant's Compliance.** Tenant, at Tenant's sole expense, shall comply with all laws, rules, orders, ordinances, directions, regulations and requirements of federal, state, county, and municipal authorities now in force, which shall impose any duty upon Landlord or Tenant with respect to the use or occupation of the Premises or alteration of the Premises to accommodate persons with special needs, including using all reasonable efforts to comply with the Americans With Disabilities Act (the "ADA"), other than construction of the Tenant Improvements being completed by Landlord.

b. **Landlord's Compliance.** Landlord, at Landlord's sole expense, shall use all reasonable efforts to meet the requirements of the ADA as it applies to the Common Areas and restrooms of the Building; but Landlord shall have no responsibility for ADA compliance with respect to the Premises. Landlord represents and warrants to Tenant that as of the Rent Commencement Date, the Building and Premises either comply with all current applicable laws, rules, orders, ordinances, directions, regulations and requirements of state, County and municipal authorities, or are in permissible non-conformity therewith. Landlord shall not be required to make changes to

the Common Areas or restrooms of the Building to comply with ADA standards adopted after construction of the Building unless specifically required to do so by law.

c. **ADA Notices.** If Tenant receives any notices alleging a violation of ADA relating to any portion of the Building or Premises (including any governmental or regulatory actions or investigations regarding non-compliance with ADA), then Tenant shall notify Landlord in writing within ten (10) days of such notice and provide Landlord with copies of any such notice.

14. INSURANCE REQUIREMENTS.

a. **Tenant's Liability Insurance.** Throughout the Term, Tenant, at its sole cost and expense, shall keep or cause to be kept for the mutual benefit of Landlord, Landlord's Property Manager, and Tenant, Commercial General Liability Insurance (1986 ISO Form or its equivalent) with a combined single limit, each Occurrence and General Aggregate-per location, of at least \$2,000,000.00, which policy shall insure against liability of Tenant, arising out of and in connection with Tenant's use of the Premises, and which shall insure the indemnity provisions contained in this Lease. Landlord and its managing agent, SVN Alliance Asset & Property Management, shall be named as an additional insured on any and all liability insurance policies required under this Lease.

b. **Tenant's Property Insurance.** Tenant, at its own cost and expense, shall also carry the equivalent of ISO Special Form Property Insurance on Tenant's Property for full replacement value and with coinsurance waived. For purposes of this provision, "Tenant's Property" shall mean Tenant's personal property and fixtures, and any improvements to the Premises that were paid for by Tenant (and were not provided to the Premises pursuant to a tenant improvement allowance provided to Tenant by Landlord or at Landlord's cost).

c. **Certificates of Insurance.** Prior to taking possession of the Premises, and thereafter upon the written request of Landlord (but no more than once per calendar year), Tenant shall deliver to Landlord certificates or other evidence of insurance satisfactory to Landlord. If Tenant fails to provide Landlord with certificates or other evidence of insurance coverage, Landlord may obtain the required coverage on Tenant's behalf, in which event the cost of such coverage shall be Additional Rent due and payable by Tenant within ten (10) business days after receipt of Landlord's written demand.

d. **Insurance Policy Requirements.** Tenant's insurance policies required by this Lease shall: (i) be issued by insurance companies licensed to do business in the state in which the Premises are located with a general policyholder's ratings of at least A- and a financial rating of at least VI in the most current Best's Insurance Reports available on the Rent Commencement Date, or if the Best's ratings are changed or discontinued, the parties shall agree to a comparable method of rating insurance companies; (ii) endorsed to be primary to all insurance available to Landlord, with Landlord's being excess, secondary or noncontributory; (iii) contain only standard and/or usual exclusions or restrictions; (iv) have a deductible or self-insured retention of no more than \$50,000.00 unless approved in writing by Landlord; and (v) provide that the policies cannot be canceled, non-renewed, or coverage reduced except after at least thirty (30) days' prior notice to Landlord. All deductibles and/or retentions shall be paid by, assumed by, for the account of, and at Tenant's sole risk. Tenant may provide the insurance required by virtue of the terms of this Lease by means of a policy or policies of blanket insurance so long as: (a) the amount of the total insurance allocated to the Premises under the terms of the blanket policy or policies furnishes protection equivalent to that of separate policies in the amounts required by the terms of this Lease; and (b) the blanket policy or policies comply in all other respects with the requirements of this Lease.

e. **Right to Increase Requirements.** Landlord shall have the right, upon prior notice to Tenant but no more than once every three (3) years during the Term, to require Tenant to increase the limit and coverage amount of any insurance Tenant is required to maintain under this Lease to an amount that Landlord or its mortgagee, in the reasonable judgment of either, may deem sufficient, provided that the increased limits are reasonable and consistent with those required by other owners of similar office buildings in the same geographic region.

f. **Landlord's Property Insurance.** Landlord shall keep the Building, including the improvements (but excluding Tenant's Property), insured against damage and destruction by perils insured by the equivalent of ISO Special Form Property Insurance for full replacement value.

g. **Mutual Waiver of Subrogation.** Anything in this Lease to the contrary notwithstanding, Landlord hereby releases and waives unto Tenant (including all partners, stockholders, officers, directors, employees and agents thereof), its successors and assigns, and Tenant hereby releases and waives unto Landlord (including all

partners, stockholders, officers, directors, employees and agents thereof), its successors and assigns, all rights to claim damages for any injury, loss, cost or damage to persons or to the Premises or any other casualty, as long as the amount of such injury, loss, cost or damage has been paid either to Landlord, Tenant, or any other person, firm or corporation, under the terms of any Property, General Liability, or other policy of insurance, to the extent such releases or waivers are permitted under applicable law. As respects all policies of insurance carried or maintained pursuant to this Lease and to the extent permitted under such policies, Tenant and Landlord each waive the insurance carriers' rights of subrogation. For purposes of this provision, insurance proceeds paid to either party shall be deemed to include any deductible or self-insurance retention amount for which that party is responsible. A party's failure to obtain or maintain any insurance coverage required to be carried pursuant to the terms of this Lease shall not negate the waivers and releases set forth herein as long as the insurance that the party failed to obtain or maintain would have covered the loss or damage for which the party is waiving its claims. Nothing in this provision shall be deemed a waiver or release by Landlord of its right to claim, demand and collect insurance proceeds directly from Tenant's insurer pursuant to Landlord's status as an additional insured under any insurance policy Tenant is required to carry pursuant to the terms of this Lease.

15. INDEMNITY. Subject to the insurance requirements, releases and mutual waivers of subrogation set forth in this Lease, and except to the extent caused by Landlord's negligence or willful misconduct, and except to the extent not permitted under applicable law, Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims, damages, losses, liabilities, lawsuits, costs and expenses (including attorneys' fees at all tribunal levels) arising out of or related to (i) any activity, work, or other thing done, permitted or suffered by Tenant in or about the Premises or the Building, (ii) any breach or default by Tenant in the performance of any of its obligations under this Lease, or (iii) any act or neglect of Tenant, or any officer, agent, employee, contractor, servant, invitee or guest of Tenant. Subject to the insurance requirements, releases and mutual waivers of subrogation set forth in this Lease, and except to the extent caused by Tenant's negligence or willful misconduct, Landlord shall indemnify and hold Tenant harmless from and against any and all claims, damages, losses, liabilities, lawsuits, costs and expenses (including attorneys' fees at all tribunal levels) arising out of or related to (a) any activity, work, or other thing done, permitted or suffered by Landlord in or about the Common Areas or the Building, (b) any breach or default by Landlord in the performance of any of its obligations under this Lease, or (c) any act or neglect of Landlord, or any officer, agent, employee, contractor or servant of Landlord. If any such action is brought against Landlord, then Tenant, upon notice from Landlord, shall defend the same through counsel selected by Landlord or Landlord's insurer. The provisions of this Section shall survive the termination of this Lease.

16. QUIET ENJOYMENT. Tenant shall have quiet enjoyment and possession of the Premises, provided Tenant promptly and fully complies with all of its obligations under this Lease. No action of Landlord working in other space in the Building, or in repairing or restoring the Premises in accordance with its obligations hereunder, shall be deemed a breach of this covenant.

17. SUBORDINATION AND ATTORNMEN; NON-DISTURBANCE; AND ESTOPPEL CERTIFICATE.

a. **Subordination and Attornment.** This Lease shall be subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Premises, and to any renewals, modifications, refinancings and extensions thereof (but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease) and Tenant shall attorn to any purchaser of the Building or to the holder of any such mortgage or deed of trust in the event that any of the same succeed to Landlord's interest under this Lease, provided that Tenant and any applicable lender of Landlord enter into a commercially reasonable subordination, non-disturbance, and attornment agreement pursuant to which the holder of the deed of trust or mortgage agrees to recognize the rights of Tenant under this Lease and accepts Tenant as a tenant of the Premises under the terms and conditions of this Lease, and Tenant agrees to recognize the holder of the deed of trust or mortgage as Landlord in such event and shall attorn to the holder of any such mortgage or deed of trust or any purchaser of the Premises, in the event of acquisition of title by or through foreclosure proceedings or otherwise. Tenant agrees within twenty (20) days after written demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request, provided in each case that the same is reasonably acceptable to Tenant. Tenant's separate fee interest in the land underlying Landlord's leasehold interest in the Premises shall not be subordinate to any mortgage or deed of trust currently or in the future in effect against Landlord's leasehold interest in the real estate and/or buildings. In the event of a foreclosure of the property of which the Premises are a part or other acquisition of such property in lieu

of such foreclosure and provided that Tenant has agreed to an SNDA as provided for in this Section 17(a), Tenant shall, upon request of such foreclosing or acquiring party (the "Successor Landlord"), nonetheless attorn to and respect such Successor Landlord as the then owner of Landlord's leasehold interest in the Premises and thereby entitled to all rights of Landlord pursuant to this Lease, including, without limitation, the right to all rental payments.

b. **Non-Disturbance.** Any obligation of Tenant to subordinate its interests or attorn to any mortgagee is conditioned upon the mortgagee's agreement not to disturb Tenant's possession and quiet enjoyment of the Premises under this Lease so long as Tenant is in compliance with the terms of the Lease pursuant to a commercially reasonable Subordination, Attornment and Nondisturbance Agreement, reasonably acceptable to Tenant, concerning Tenant's interest under this Lease (but not Tenant's separate interest in the fee estate underlying Landlord's leasehold interest in the real estate and buildings).

c. **Estoppel Certificates.** Tenant agrees to execute within ten (10) business days after request, but no more often than two (2) times per calendar year, estoppel certificates confirming any factual matter requested by Landlord which is true and is within Tenant's knowledge regarding this Lease, and the Premises, including but not limited to: (i) the date of occupancy, (ii) Expiration Date, (iii) the amount of Rent due and date to which Rent is paid, (iv) whether Tenant has any defense or offsets to the enforcement of this Lease or the Rent payable, (v) any default or breach by Landlord, and (vi) whether this Lease, together with any modifications or amendments, is in full force and effect.

18. ASSIGNMENT – SUBLEASE.

a. **Landlord Consent.** Except as provided in subsection (b) below, Tenant may not assign or encumber this Lease or its interest in the Premises arising under this Lease, and may not sublet all or any part of the Premises without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. One consent shall not be the basis for any further consent. Without limitation, it is agreed that Landlord's consent shall not be considered unreasonably withheld if: (1) the proposed transferee's use is not suitable for the Building considering the business of the other tenants and the Building's prestige, or would result in a violation of another tenant's rights under such tenant's lease for its portion of the Building, (2) the proposed transferee will not continue a Permitted Use, as defined in Section 1(d), above, (3) Tenant is then and remains in default after the expiration of the notice and cure periods in this Lease; or (4) any portion of the Premises or Building would likely become subject to additional or different laws as a consequence of the proposed assignment or subletting and the same would materially and adversely affect Landlord.

b. **Permitted Assignments/Subleases.** Notwithstanding the foregoing, Tenant may, without Landlord's consent (each of the following being a "Permitted Transfer"), (1) assign this Lease or sublease part or all of the Premises without Landlord's consent to any other Chatham County governmental entity that performs the Permitted Use ("County Entity"), provided that the use by the County Entity of the Premises is a Permitted Use, and (2) assign this Lease to Piedmont Health Services, Inc. or its successor (collectively, "Piedmont"), provided that Piedmont's use of the Premises is a Permitted Use.

c. **Notice to Landlord.** Landlord must be given prior written notice of every assignment or subletting, and failure to do so shall be a default hereunder.

d. **Prohibited Assignments/Subleases.** In no event shall this Lease be assignable by operation of any law, and Tenant's rights hereunder may not become, and shall not be listed by Tenant as an asset under any bankruptcy, insolvency or reorganization proceedings. Acceptance of Rent by Landlord after any non-permitted assignment or sublease shall not constitute approval thereof by Landlord.

e. **[Intentionally Deleted].**

f. **[Intentionally Deleted].**

g. **Landlord's Right to Collect Sublease Rents upon Tenant Default.** If the Premises (or any portion) is sublet and Tenant defaults under its obligations to Landlord, then Landlord is authorized, at its option, to collect all sublease rents directly from the sublessee. Tenant hereby assigns the right to collect the sublease rents to Landlord in the event of Tenant default. The collection of sublease rents by Landlord shall not relieve Tenant of its obligations under this Lease, nor shall it create a contractual relationship between sublessee and Landlord or give sublessee any greater estate or right to the Premises than contained in its sublease.

h. **[Intentionally Deleted].**

i. **Landlord's Fees.** Tenant shall pay all actual, but in all cases reasonable, costs incurred by Landlord in connection with Landlord's review of any assignment or sublease for which Landlord's consent is required, including without limitation, attorneys' fees, but in no event shall Landlord's fees for such review exceed One Thousand and No/100 Dollars (\$1,000.00) per request.

j. **Unauthorized Assignment or Sublease.** Any unauthorized assignment or sublease shall constitute a default under the terms of this Lease. In addition to its other remedies for Default, Landlord may elect to increase Base Rent to 150% of the Base Rent reserved under the terms of this Lease.

19. DAMAGES TO PREMISES.

a. **Landlord's Restoration Obligations.** If the Building or Premises are damaged by fire or other casualty ("Casualty"), then, unless the Lease is terminated as provided in this Article 19, Landlord shall repair and restore the Premises to substantially the same condition of the Premises immediately prior to such Casualty, subject to the following terms and conditions:

i. The casualty must be insured under Landlord's insurance policies, and Landlord's obligation is limited to the extent of the insurance proceeds received by Landlord. Landlord's duty to repair and restore the Premises shall not begin until receipt of the insurance proceeds.

ii. Landlord's lender(s) must permit the insurance proceeds to be used for such repair and restoration.

iii. Landlord shall have no obligation to repair and restore Tenant's trade fixtures, decorations, signs, contents, or any Non-Standard Improvements to the Premises.

b. **Tenant's Restoration Obligations.** Unless the Lease is terminated as provided in this Article 19, Tenant shall promptly repair, restore, or replace Tenant's Property. All repair, restoration or replacement of Tenant's Property shall be at least to the same condition as existed prior to the Casualty.

c. **Termination of Lease by Landlord.** Landlord shall have the option of terminating the Lease following the Casualty if: (i) the Premises is rendered wholly untenantable; (ii) the Premises is damaged in whole or in part as a result of a risk which is not covered by Landlord's insurance policies; (iii) Landlord's lender does not permit a sufficient amount of the insurance proceeds to be used for restoration purposes; (iv) the Premises is damaged in whole or in part during the last seven (7) years of the Term; or (v) the Building containing the Premises is damaged (whether or not the Premises is damaged) to an extent of thirty-three percent (33%) or more of the fair market value thereof. If Landlord elects to terminate this Lease, then it shall give notice of the cancellation to Tenant within one hundred twenty (120) days after the date of the Casualty. Tenant shall vacate and surrender the Premises to Landlord within fifteen (15) days after receipt of the notice of termination. Notwithstanding the foregoing, upon a termination of the Lease pursuant to this Section 19(c), the Ground Lease shall simultaneously terminate.

d. **Termination of Lease by Tenant.** Tenant shall have the option of terminating the Lease if: (i) Landlord has failed to substantially restore the damaged Building or Premises within three hundred sixty five (365) days of the Casualty ("Restoration Period"); (ii) the Restoration Period has not been delayed by Tenant delays or *force majeure*; and (iii) Tenant gives Landlord notice of the termination within fifteen (15) days after the end of the Restoration Period (as extended by any Tenant delay or *force majeure* delays). If Landlord is delayed by Tenant delay or *force majeure*, then Landlord must provide Tenant with notice of the delays within fifteen (15) days of the *force majeure* event stating the reason for the delays and a good faith estimate of the length of the delays.

e. **Rent Abatement.** If Premises is rendered wholly untenantable by the Casualty, then the Rent payable by Tenant shall be fully abated. If the Premises is only partially damaged, then Tenant shall continue the operation of Tenant's business in any part not damaged to the extent reasonably practicable from the standpoint of prudent business management, and Rent and other charges shall be abated proportionately to the portion of the Premises rendered untenantable. The abatement shall be from the date of the Casualty until the Premises have been substantially repaired and restored, or until Tenant's business operations are restored in the entire Premises, whichever shall first occur. However, if the Casualty is caused by the negligence or other wrongful conduct of Tenant or of Tenant's subtenants, licensees, contractors, or invitees, or their respective agents or employees, there shall be no abatement of Rent. The abatement of the Rent set forth above, and the right to terminate the Lease set forth in Section 19d, are Tenant's exclusive remedies against Landlord in the event of a Casualty. Tenant

hereby waives all claims against Landlord for any compensation or damage for loss of use of the whole or any part of the Premises and/or for any inconvenience or annoyance occasioned by any Casualty and any resulting damage, destruction, repair, or restoration.

20. EMINENT DOMAIN.

a. If all of the Premises are taken under the power of eminent domain (or by conveyance in lieu thereof), then this Lease shall terminate as of the date possession is taken by the condemnor, and Rent shall be adjusted between Landlord and Tenant as of such date and the Ground Lease shall simultaneously terminate. If only a portion of the Premises is taken and Tenant can continue use of the remainder, then this Lease will not terminate, but Rent shall abate in a just and proportionate amount to the loss of use occasioned by the taking.

b. Landlord shall be entitled to receive and retain the entire condemnation award for the taking of the Building and Premises, but not to any award as it relates to Tenant's fee interest in the remainder of the real property. Tenant shall have no right or claim against Landlord for any part of any award received by Landlord for the taking. Tenant, however, shall not be prevented from making a claim against the condemning party (but not against Landlord) for any moving expenses, loss of profits, or taking of Tenant's personal property (other than its leasehold estate) to which Tenant may be entitled; provided that any such award shall not reduce the amount of the award otherwise payable to Landlord for the taking of the Building and Premises.

21. ENVIRONMENTAL COMPLIANCE.

a. Tenant's Responsibility.

i. Tenant shall not cause or permit Hazardous Material (as hereinafter defined) to be brought upon, kept, or used in or about the Premises by Tenant, its agents, employees, contractors, or invitees, except for any Hazardous Material necessary and commonly used for the operation of the Tenant's (or its agents, tenants, employees, contractors, or invitees) regular business activities of a medical office space, provided that any such Hazardous Materials shall be handled, stored and disposed of in accordance with applicable Federal, state, and local laws, rules, ordinances and/or regulations related to the keeping, use, or disposition of Hazardous Material (collectively, "Environmental Laws").

ii. As used herein, the term "Hazardous Material" means (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, and the regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation, Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder; (iii) any material or substance regulated by the Toxic Substances Control Act as amended from time to time and regulations promulgated thereunder; (iv) any material or substance regulated by the Federal Insecticide, Fungicide and Rodenticide Act, as amended from time to time, and the regulations promulgated thereunder; (v) any oil, petroleum products, and their by-products; and (vi) any other hazardous, toxic or dangerous material or substance that is or become regulated by any federal, state or local law or regulation.

b. **Liability of the Parties.** Landlord represents and warrants that, to Landlord's knowledge, there are no Hazardous Materials on the Property as of the Rent Commencement Date in violation of any Environmental Laws. Landlord shall indemnify and hold Tenant harmless from any penalty, fine, claim, demand, liability, cost, or charge whatsoever which resulting from Landlord's violation of this representation and warranty, unless the Hazardous Materials are present on the Property due to the negligence or willful misconduct of Tenant or its agents, employees, officers, licensees or contractors, in which event Tenant shall be obligated to indemnify Landlord as hereafter provided. To the extent permitted by applicable law, Tenant shall indemnify and hold Landlord harmless from any penalty, fine, claim, demand, liability, cost, or charge whatsoever which Landlord shall incur, or which Landlord would otherwise incur, by reason of Tenant's failure to comply with Section 21.a including, unless the Hazardous Materials are present on the Property due to the negligence or willful misconduct of Landlord or its agents, employees, officers, licensees or contractors. To the extent Tenant or Landlord is obligated to indemnify the other hereunder, such indemnification obligation shall include, but shall not be limited to: (i) the cost of full remediation of any contamination to bring the Property into the same condition as prior to the Rent Commencement Date and into full compliance with all Environmental Laws; (ii) the reasonable cost of all appropriate tests and examinations of the Premises to confirm that the Premises and any other contaminated areas have been remediated and brought into compliance with law; and (iii) the reasonable fees and expenses of indemnified party's attorneys, engineers, and consultants incurred by indemnified party in enforcing and confirming compliance with this Article 21. Notwithstanding the foregoing, Tenant's obligations under this

Article 21 shall not apply to any condition or matter constituting a violation of any law that was not caused, in whole or in part, by Tenant or Tenant's agents, employees, officers, partners, contractors, servants or invitees. The covenants contained in this Article 21 shall survive the expiration or termination of this Lease, and shall continue for so long as either party and its successors and assigns may be subject to any expense, liability, charge, penalty, or obligation against which the other party has agreed to indemnify it under this Article 21.

c. **Inspections by Landlord.** Landlord and its engineers, technicians, and consultants, from time to time as Landlord deems appropriate, may conduct periodic examinations of the Premises to confirm and monitor Tenant's compliance with this Article 21. Such examinations shall be conducted in such a manner as to minimize the interference with Tenant's Permitted Use; however, in all cases, the examinations shall be of such nature and scope as shall be reasonably required by then existing technology to confirm Tenant's compliance with this Article 21. Tenant shall fully cooperate with Landlord and its representatives in the conduct of such examinations. The cost of such examinations shall be paid by Landlord unless an examination shall disclose a material failure of Tenant to comply with this Article 21, in which case, the reasonable cost of such examination shall be paid for by Tenant within 10 days after receipt of Landlord's written demand.

22. **DEFAULT.**

a. **Tenant's Default.** Tenant shall be in default under this Lease if Tenant:

i. Fails to pay any Base Rent, Additional Rent, or any other sum of money that Tenant is obligated to pay, as provided in this Lease, within ten (10) days after the due date;

ii. Breaches any other agreement, covenant or obligation in this Lease and such breach is not remedied within thirty (30) days after Landlord gives Tenant notice in accordance with Article 25 below specifying the breach, or if such breach cannot, with due diligence, be cured within thirty (30) days, if Tenant does not commence a cure within thirty (30) days and with reasonable diligence completely cure the breach within a reasonable period of time after the notice;

iii. Files any petition or action for relief under any creditor's law (including bankruptcy, reorganization, or similar action), either in state or federal court, or has such a petition or action filed against it which is not stayed or vacated within sixty (60) days after filing; or

iv. Makes any transfer in fraud of creditors as defined in Section 548 of the United States Bankruptcy Code (11 U.S.C. 548, as amended or replaced), has a receiver appointed for its assets (and the appointment is not stayed or vacated within thirty [30] days), or makes an assignment for benefit of creditors.

b. **Landlord's Remedies.** In the event of a Tenant default, Landlord, at its option, may do one or more of the following:

i. Terminate this Lease and recover all damages caused by Tenant's breach;

ii. Repossess the Premises, with or without terminating the Lease, and relet the Premises at such amount as Landlord deems reasonable;

iii. Declare the entire remaining Base Rent and Additional Rent immediately due and payable, such amount to be discounted to its present value at a discount rate equal to the U.S. Treasury Bill or Note rate with the closest maturity to the remaining term of the Lease as selected by Landlord; provided, however, after receiving payment of the accelerated Rent from Tenant, Landlord shall be obligated to turn over to Tenant any proceeds actually received by Landlord for reletting the Premises during the remainder of the Term (less any Reletting Costs, as defined below), up to the amount of accelerated Rent received from Tenant pursuant to this provision.

iv. Bring action for recovery of all amounts due from Tenant;

v. Seize and hold any personal property of Tenant located in the Premises and assert against the same a lien for monies due to Landlord; or

vi. Pursue any other remedy available in law or equity.

Notwithstanding anything to the contrary herein, Landlord shall use commercially reasonable efforts to mitigate its damages in the event of a default of this Lease by Tenant. Landlord shall be deemed to have used commercially reasonable efforts to fill the Premises by advising Landlord's leasing agent of the availability of the

Premises and advising at least one (1) outside commercial brokerage entity of the availability of the Premises. Provided, however, that Landlord shall not be obligated to re-lease the Premises before leasing any other unoccupied portions of the Building.

Additionally, Landlord covenants and agrees that Landlord shall not have any liens or continuing security interest upon files of Tenant's patients or any goods, wares, equipment, fixtures, furniture, inventory, and other personal property of Tenant in the Premises which may contain, store, maintain or transmit any protected health information ("PHI") as that term is defined under the privacy rule of HIPAA. Furthermore, Landlord hereby waives any statutory or contractual liens that Landlord may have under applicable law relating to PHI as Tenant's personal property contained in the Premises and hereby agrees that PHI is expressly excluded from any security agreement and from any Uniform Commercial Code financing statement that may be filed by Landlord for the purpose of perfecting its landlord lien.

c. **Landlord's Expenses.** If the Lease or Tenant's right of possession to the Premises is terminated due to Tenant's default, then all reasonable expenses of Landlord in repairing, restoring, or altering the Premises for reletting as general office space, together with leasing fees and all other expenses in seeking and obtaining a new Tenant (collectively "Reletting Costs"), shall be charged to and be a liability of Tenant.

d. **Remedies Cumulative.** All rights and remedies of Landlord are cumulative, and the exercise of any one shall not exclude Landlord at any other time from exercising a different or inconsistent remedy. No exercise by Landlord of any right or remedy granted herein shall constitute or effect a termination of this Lease unless Landlord shall so elect by notice delivered to Tenant. The failure of Landlord to exercise its rights in connection with this Lease or any breach or violation of any term, or any subsequent breach of the same or any other term, covenant or condition herein contained shall not be a waiver of such term, covenant or condition or any subsequent breach of the same or any other covenant or condition herein contained.

e. **No Accord and Satisfaction.** No acceptance by Landlord of a lesser sum than the Rent, Additional Rent and other sums then due shall be deemed to be other than on account of the earliest installment of such payments due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed as accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy provided in this Lease.

f. **No Reinstatement.** No payment of money by Tenant to Landlord after the expiration or termination of this Lease shall reinstate or extend the Term, or make ineffective any notice of termination given to Tenant prior to the payment of such money. After the service of notice or the commencement of a suit, or after final judgment granting Landlord possession of the Premises, Landlord may receive and collect any sums due under this Lease, and the payment thereof shall not make ineffective any notice or in any manner affect any pending suit or any judgment previously obtained.

g. **Landlord's Default.** Landlord shall be in default under this Lease if Landlord breaches any agreement, covenant or obligation in this Lease and does not remedy the breach within fifteen (15) days after Tenant gives Landlord written notice in accordance with Article 25 below specifying the breach, or if the breach cannot, with due diligence, be cured within fifteen (15) days, Landlord does not commence curing within fifteen (15) days and with reasonable diligence completely cure the breach within a reasonable period of time after the notice. In the event Landlord fails to cure its breach within the time periods set forth herein, Tenant shall be entitled to pursue any and all remedies available to it at law or in equity; provided, however, that except as expressly provided elsewhere in this Lease, Tenant shall have no right of self-help to perform repairs or any other obligation of Landlord, and shall have no right to withhold, set off or abate Rent.

h. **Summary Ejectment.** Tenant agrees that, in addition to all other rights and remedies, Landlord may obtain an order for summary ejectment from any court of competent jurisdiction without prejudice to Landlord's rights to otherwise collect rents or breach of contract damages from Tenant.

23. MULTIPLE DEFAULTS.

a. **Loss of Option Rights.** Tenant acknowledges that any rights or options of first refusal, or to extend the Term, to expand the size of the Premises, to purchase the Premises or the Building, or other similar rights or options which have been granted to Tenant under this Lease are conditioned upon the prompt and diligent performance of the terms of this Lease by Tenant. Accordingly, should Tenant default under this Lease beyond any applicable notice and cure period on two (2) or more occasions during any twelve (12) -month period, in

addition to all other remedies available to Landlord, all such rights and options shall automatically, and without further action on the part of any party, expire and be of no further force and effect.

b. **Increased Security Deposit.** *INTENTIONALLY DELETED.*

c. **Effect on Notice Rights and Cure Periods.** Should Tenant default under this Lease on two (2) or more occasions during any twelve (12) month period, in addition to all other remedies available to Landlord, any notice requirements or cure periods otherwise set forth in this Lease with respect to a default by Tenant shall not apply.

24. BANKRUPTCY.

a. **Trustee's Rights.** Landlord and Tenant understand that, notwithstanding contrary terms in this Lease, a trustee or debtor in possession under the United States Bankruptcy Code, as amended, (the "Code") may have certain rights to assume or assign this Lease. This Lease shall not be construed to give the trustee or debtor in possession any rights greater than the minimum rights granted under the Code.

b. **Adequate Assurance.** Landlord and Tenant acknowledge that, pursuant to the Code, Landlord is entitled to adequate assurances of future performance of the provisions of this Lease. The parties agree that the term "adequate assurance" shall include at least the following:

i. In order to assure Landlord that any proposed assignee will have the resources with which to pay all Rent payable pursuant to the provisions of this Lease, any proposed assignee must have, as demonstrated to Landlord's satisfaction, a net worth (as defined in accordance with generally accepted accounting principles consistently applied) of not less than the net worth of Tenant on the Effective Date (as hereinafter defined), increased by seven percent (7%), compounded annually, for each year from the Effective Date through the date of the proposed assignment. It is understood and agreed that the financial condition and resources of Tenant were a material inducement to Landlord in entering into this Lease.

ii. Any proposed assignee must have been engaged in the conduct of business for the five (5) years prior to any such proposed assignment, which business does not violate the Use provisions under Article 4 above, and such proposed assignee shall continue to engage in the Permitted Use under Article 4. It is understood that Landlord's asset will be substantially impaired if the trustee in bankruptcy or any assignee of this Lease makes any use of the Premises other than the Permitted Use.

c. **Assumption of Lease Obligations.** Any proposed assignee of this Lease must assume and agree to be bound by the provisions of this Lease.

25. NOTICES.

a. **Addresses.** All notices, demands and requests by Landlord or Tenant shall be sent to the Notice Addresses set forth in Section 1o, or to such other address as a party may specify by duly given notice. The parties shall notify the other of any change in address, which notification must be at least fifteen (15) days in advance of it being effective.

b. **Form; Delivery; Receipt.** **ALL NOTICES, DEMANDS AND REQUESTS WHICH MAY BE GIVEN OR WHICH ARE REQUIRED TO BE GIVEN BY EITHER PARTY TO THE OTHER MUST BE IN WRITING UNLESS OTHERWISE SPECIFIED.** Notices, demands or requests shall be deemed to have been properly given for all purposes only if (i) delivered against a written receipt of delivery, (ii) mailed by express, registered or certified mail of the United States Postal Service, return receipt requested, postage prepaid, or (iii) delivered to a nationally recognized overnight courier service for next business day delivery to the receiving party's address as set forth above or (iv) delivered via telecopier or facsimile transmission to the facsimile number listed above, with an original counterpart of such communication sent concurrently as specified in subsection (ii) or (iii) above and with written confirmation of receipt of transmission provided. Each such notice, demand or request shall be deemed to have been received upon the earlier of the actual receipt or refusal by the addressee or three (3) business days after deposit thereof at any main or branch United States post office if sent in accordance with subsection (ii) above, and the next business day after deposit thereof with the courier if sent pursuant to subsection (iii) above. Notices may be given on behalf of any party by such party's legal counsel.

26. HOLDING OVER. If Tenant holds over after the Expiration Date or other termination of this Lease, such holding over shall not be a renewal of this Lease but shall create a tenancy-at-sufferance. Tenant shall

continue to be bound by all of the terms and conditions of this Lease, except that during such tenancy-at-sufferance, Tenant shall pay to Landlord (i) Base Rent at the rate equal to one hundred fifty percent (150%) of that provided for as of the expiration or termination date, and (ii) any and all forms of Additional Rent payable under this Lease. The increased Rent during such holding over is intended to compensate Landlord partially for losses, damages and expenses, including frustrating and delaying Landlord's ability to secure a replacement tenant. If Landlord loses a prospective tenant because Tenant fails to vacate the Premises on the Expiration date or any termination of the Lease after notice to do so, then Tenant will be liable for such damages caused by Tenant's wrongful failure to vacate.

27. RIGHT TO RELOCATE. *INTENTIONALLY DELETED.*

28. BROKER'S COMMISSIONS. Each party represents and warrants to the other that it has not dealt with any real estate broker, finder or other person with respect to this Lease in any manner. Each party (but as to Tenant, to the extent permitted by applicable law) shall indemnify and hold the other party harmless from any and all damages resulting from claims that may be asserted against the other party by any other broker, finder or other person (including, without limitation, any substitute or replacement broker claiming to have been engaged by indemnifying party in the future), claiming to have dealt with the indemnifying party in connection with this Lease or any amendment or extension hereto, or which may result in Tenant leasing other or enlarged space from Landlord. The provisions of this paragraph shall survive the termination of this Lease.

29. ANTI-TERRORISM LAWS. During the term, neither Tenant nor its respective constituents or affiliates shall (i) be an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading with the Enemy Act of the United States of America (50 U.S.C. App. §§ 1 et seq.), as amended, (ii) violate the Trading with the Enemy Act, as amended, (iii) violate any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or (iv) violate the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"). Tenant shall, promptly following a request from Landlord, provide all documentation and other information that Landlord's lender reasonably requests and actually requires in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

30. GENERAL PROVISIONS/DEFINITIONS.

a. **No Agency.** Tenant is not and shall never represent itself to be an agent of Landlord, and Tenant acknowledges that Landlord's title to the Building is paramount, and that Tenant can do nothing to affect or impair Landlord's title.

b. **Force Majeure.** Whenever a period of time is prescribed for action by either party, such party will not be responsible for, and there will be excluded from the computation of such period of time, any delays due to any (a) act of God, adverse and inclement weather, fire, explosion, flood, act of a public enemy, war, blockade, insurrection, riot, or civil disturbance, (b) labor dispute, strike, work slowdown or work stoppage, (c) order or judgment of any entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, county, district, municipality, city or otherwise) whether now or hereafter in existence, if not the result of willful or negligent action of the performing party, (d) adoption of or change in any applicable laws after the date of execution of this Lease, (e) national or global pandemics, including any quarantines or closures ordered by governmental entities or agencies, inability of a vendor, agent, lender, title insurer, attorney, insurance company, utility, or governmental agency whose cooperation is required to perform or provide a necessary service or approval, or any similar impediment related to the national or global pandemic that is outside the reasonable control of the delayed party, (f) any actions by the other party which may cause delay, or (g) any other similar cause or similar event beyond the reasonable control of the performing party (collectively, "Force Majeure"). The performing party shall not be entitled to claim any delay caused by Force Majeure unless the performing party, within ten (10) days after the performing party becomes aware of the existence of an event of Force Majeure, notifies the other party of the same in writing. Notwithstanding the foregoing, in no event shall an event(s) of Force Majeure be deemed to have occurred with respect to any pandemic-related condition or circumstance in effect as of the date hereof with respect to Covid-19.

c. **Building Standard Improvements.** The term "Building Standard Improvements" shall mean the standards for normal construction for a Class A building in Chatham County with general medical administrative

office and general office space within the Building as specified by Landlord, including design and construction standards, electrical load factors, materials, fixtures and finishes.

d. **Limitation on Damages.** Notwithstanding any other provisions in this Lease, neither Landlord nor Tenant shall be liable to the other for any special, consequential, incidental or punitive damages.

e. **Satisfaction of Judgments Against Landlord.** If Landlord, or its employees, officers, directors, stockholders or partners are ordered to pay Tenant a money judgment because of Landlord's default under this Lease, said money judgment may only be enforced against and satisfied out of: (i) Landlord's interest in the Building in which the Premises are located including the rental income and proceeds from sale; and (ii) any insurance or condemnation proceeds received because of damage or condemnation to, or of, said Building that are available for use by Landlord. No other assets of Landlord or said other parties exculpated by the preceding sentence shall be liable for, or subject to, any such money judgment.

f. **Interest.** Should Tenant fail to pay any amount due to Landlord within thirty (30) days of the date such amount is due (whether Base Rent, Additional Rent, or any other payment obligation), then the amount due shall thereafter accrue interest at the rate of eight percent (8%) per annum, compounded monthly, or the highest permissible rate under applicable usury law, whichever is less, until the amount is paid in full.

g. **Legal Costs.** Should either party prevail in any legal proceedings against the other for breach of any provision in this Lease, then the other party shall be liable for the costs and expenses of the prevailing party, including its reasonable attorneys' fees (at all tribunal levels).

h. **Sale of Premises or Building.** Landlord may sell the Premises or the Building without affecting the obligations of Tenant hereunder. Upon the sale of the Premises or the Building, Landlord shall be relieved of all responsibility for the Premises and shall be released from any liability thereafter accruing under this Lease.

i. **Time of the Essence.** Time is of the essence in the performance of all obligations under the terms of this Lease.

j. **Transfer of Security Deposit.** If any Security Deposit or prepaid Rent has been paid by Tenant, Landlord may transfer the Security Deposit or prepaid Rent to Landlord's successor and upon such transfer, Landlord shall be released from any liability for return of the Security Deposit or prepaid Rent.

k. **Tender of Premises.** The delivery of a key or other such tender of possession of the Premises to Landlord or to an employee of Landlord shall not operate as a termination of this Lease or a surrender of the Premises unless requested in writing by Landlord.

l. **[Intentionally Omitted]**.

m. **Recordation.** Simultaneously with the execution of this Lease or at any time during the Term of this Lease, the Parties may, at the request of Landlord or Tenant, execute and record a mutually agreeable memorandum of lease, or short form of this Lease, memorializing the basic terms hereof, in a form which may be recorded in the Chatham County Register of Deeds at the sole cost and expense of Tenant. This Section 30.m. is entirely subject to Section 31.b, but this shall not prevent the filing of a mutually agreeable memorandum of lease.

n. **Partial Invalidity.** The invalidity of any portion of this Lease shall not invalidate the remaining portions of the Lease.

o. **Binding Effect.** This Lease shall be binding upon the respective parties hereto, and upon their heirs, executors, successors and assigns.

p. **Entire Agreement; Construction.** This Lease constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written relating to the subject matter hereof. The fact that one of the parties to this Lease may be deemed to have drafted or structured any provision of this Lease shall not be considered in construing or interpreting any particular provision of this Lease, either in favor of or against such party, and Landlord and Tenant hereby waive any applicable rules of construction or interpretation to the contrary.

q. **Good Standing.** If requested by Landlord, Tenant shall furnish appropriate legal documentation evidencing authority of any person signing this Lease to act for the Tenant.

r. **Terminology.** The singular shall include the plural and the masculine, feminine or neuter includes the other, and vice versa.

s. **Headings.** Headings of sections are for convenience only and shall not be considered in construing the meaning of the contents of such section.

t. **Choice of Law.** This Lease shall be interpreted and enforced in accordance with the laws of the State in which the Premises are located.

u. **Effective Date.** This Lease shall become effective as a contract only upon the execution and delivery by both Landlord and Tenant. The date of execution shall be entered on the top of the first page of this Lease by Landlord, and shall be the date on which the last party signed the Lease, or as otherwise may be specifically agreed by both parties. Such date, once inserted, shall be established as the final day of ratification by all parties to this Lease, and shall be the date for use throughout this Lease as the "Effective Date".

31. **SPECIAL CONDITIONS.** The following special conditions, if any, shall apply, and where in conflict with earlier provisions in this Lease shall control:

a. **Remeasurement.** Landlord and Tenant acknowledge that during the Term of the Lease including upon "Delivery of Possession" to Tenant, Landlord shall be entitled to cause the rentable square feet within the Premises to be measured by BOMA. In the event that Landlord exercises such option, and in the event that such measurement, performed in accordance with BOMA, reveals, in Landlord's reasonable discretion, that the number of rentable square feet within the Premises differs from 7,000 rentable square feet by one percent (1%) or more, then the amount of Base Rent payable hereunder, Tenant's Proportionate Share hereunder, and all other amounts payable and computations made hereunder based on the number of rentable square feet in the Premises shall be adjusted upward or downward, as the case may be, to reflect such measurement.

b. **Confidentiality.** Tenant is subject to the North Carolina Public Records Act (N.C. Gen. Stat. §132) and, accordingly all "public records" as therein defined (subject to certain limited exceptions), which definition includes this Lease, are available to members of the public upon request. Subject to the foregoing, Tenant agrees that unless a proper request is received for a public record, the parties will maintain all Confidential Information (as defined below) in confidence and will not disclose such information to any other party without written consent. The term "Confidential Information" means and includes the terms of this Lease and any and all information whether in oral, written or other form, which is communicated by Landlord to Tenant relating to the subject matter hereof, including but not limited to architectural plans, specifications, site plans and drawings (regardless of whether such information is labeled as confidential). Confidential Information may be released to the parties' employees, partners, consultants, attorneys, accountants, and lenders who have a reasonable need for such Confidential Information, provided that such individuals agree to maintain the confidential nature of the information.

c. **Health and Privacy Laws.** Landlord acknowledges that Tenant (or its permitted assigns) may be engaged in the provision of medical services or the administration of such provision and, as such, Tenant anticipates that it will store, in both digital and physical media, patient records, medical records, and other personally identifiable, sensitive or other information in which one or more persons may have a protectable or protectable privacy interest under applicable law, including, without limitation, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"; collectively, "Health and Privacy Laws"). Accordingly, Landlord and Tenant will cooperate to ensure that this Lease and the conduct of their respective activities hereunder, including, without limitation, activities (if any) where Landlord or its representatives enter any non-public areas of the Premises pursuant to this Lease, complies with Health and Privacy Laws, are in compliance with such Health and Privacy Laws, and to the extent Landlord is deemed to be Tenant's "business associate" (or equivalent) under HIPAA or any successor thereto, Landlord and Tenant shall promptly negotiate and enter into a commercially reasonable business associate agreement or other such related instruments from time to time.

32. **ADDENDA AND EXHIBITS.** If any addenda and/or exhibits are noted below, such addenda and exhibits are incorporated herein and made a part of this Lease.

- a. Lease Addendum Number One – "Work Letter"
- b. Lease Addendum Number Two – "Additional Rent – Operating Expenses and Taxes"
- c. Exhibit A-1 – Premises
- d. Exhibit A-2 – Land

- e. Exhibit B – Certificate as to Term of Lease
- f. Exhibit C – Rules and Regulations
- g. Exhibit D – Tenant's Parking Rights and Building Parking Rules

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY – SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed, sealed, and delivered this Lease as of the day and year first above written.

LANDLORD:

SILER CITY INVESTMENT, LLC
a North Carolina limited liability company

By: _____

Name: _____

Title: _____

STATE OF _____

COUNTY OF _____

I, a Notary Public of the state and county aforesaid, hereby certify that _____ personally appeared before me this day and acknowledged that he signed the foregoing document in the following capacity: the _____ of _____, a _____.

Date: _____.

Official Signature of Notary Public

Insert name of Notary, printed or typed

(Official Seal)

My Commission Expires: _____

IN WITNESS WHEREOF, the parties hereto have executed, sealed, and delivered this Lease as of the day and year first above written.

TENANT:

CHATHAM COUNTY

a body politic and corporate of the State of North Carolina

By: _____

Name: _____

Title: _____

STATE OF _____
COUNTY OF _____

I, a Notary Public of the state and county aforesaid, hereby certify that _____ personally appeared before me this day and acknowledged that he signed the foregoing document in the following capacity: the _____ of Chatham County, a body politic and corporate of the State of North Carolina.

Date: _____.

Official Signature of Notary Public

Insert name of Notary, printed or typed

(Official Seal)

My Commission Expires: _____

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

Print name: _____

Title: _____

LEASE ADDENDUM NUMBER ONE

WORK LETTER

LANDLORD AND TENANT WORK

1. **Acceptance of Premises.** Except as set forth in the Lease and this Exhibit, Tenant will accept the Premises in their "AS-IS" condition on the Rent Commencement Date, subject to (i) Landlord's continuing obligation to complete any punch list items associated with the Landlord's Work in a manner which does not interfere with Tenant's use of the Premises, (ii) repairs covered by warranty, (iii) hidden or latent defects not apparent from a visual inspection of the Premises, and (iv) Landlord's repair, maintenance and other obligations set forth in this Lease.

2. **Plans.** Subsequent to the execution of this Lease, Landlord will deliver to Tenant a Floor Plan depicting Building Standard Improvements to be installed in the Premises, which plans were prepared by Landlord at its sole cost and expense, and after the execution of this Lease, the parties will mutually agree upon a final Scope of Work (together, the "**Plans**"). Any and all furniture depicted on the Plans is representative only, and is to be supplied by Tenant. Following delivery of Landlord's proposed Plans for the Premises, Tenant shall have fifteen (15) days after receipt of the proposed Plans in which to review the Plans and to give Landlord notice of Tenant's approval of the Plans (which approval shall not be unreasonably withheld, conditioned or delayed) or its requested reasonable changes to the Plans; provided, that, upon notice to Landlord, Tenant may extend such fifteen (15) day period for an additional ten (10) days. If Tenant requests any changes to the Plans, Landlord shall make such changes and shall, within ten (10) days of its receipt of Tenant's requested changes (if any), submit revised Plans to Tenant. Tenant shall have ten (10) days after receipt of the revised Plans in which to review said revised Plans and in which to give to Landlord written notice of its approval of the revised Plans (which approval shall not be unreasonably withheld, conditioned or delayed) or its requested reasonable changes thereto. This process shall continue until such time, if at all, that Tenant approves (or is deemed to have approved) the Plans in accordance with this paragraph. Each day that Tenant fails to respond to the proposed Plans within the time periods set forth in this Section 2 shall (i) be considered a Tenant Delay Day, as defined by Section 5 of this Lease Addendum Number One, and (ii) extend any deadlines for Landlord's Work, for Landlord to construct the improvements to the Premises, or for Landlord to deliver the Premises to Tenant by one (1) day for each day that Tenant fails to respond to the proposed plans, as provided for herein. Tenant shall at all times in its preparation of the Plans, and of any revisions thereto, act reasonably and in good faith. Landlord shall at all times in its review of the Plans, and any revisions thereto, act reasonably and in good faith. All building inspections and construction permitting shall be under the jurisdiction of the local municipal inspections authority. All proposed Plans directed to the Tenant shall be directed to the County Manager, or his or her designee, for review and approval.

3. **Landlord's Performance of Work.** Landlord shall, at its sole cost and expense, design, engineer, install, permit, supply and otherwise construct the Work (as hereinafter defined). As used herein, "**Working Drawings**" shall mean the final working drawings prepared by a licensed architect, consistent with the Plans and approved by Landlord and Tenant (provided Tenant's and Landlord's approval shall not be unreasonably withheld), as amended from time to time by any changes thereto approved pursuant to Section 4 below, and "**Work**" shall mean all improvements to be constructed by Landlord in accordance with and as indicated on the Working Drawings or reasonably inferable from the Working Drawings as necessary to deliver the Premises to Tenant in turn key condition. Landlord shall cause the Work to be performed in accordance with the Plans and the Working Drawings, using duly licensed contractors and subcontractors selected by Landlord. Landlord shall diligently pursue completion of construction of the Work pursuant to a work schedule mutually agreed upon by Landlord and Tenant. Landlord covenants that all Work shall be (1) completed in accordance with the approved Working Drawings; (2) completed in accordance with all applicable laws, regulations and governmental requirements, including without limitation, the Americans with Disabilities Act of 1990, as amended, and all fire and life safety codes; (3) carried out promptly in a good and workmanlike manner; (4) constructed of all new materials; and (5) free of defect in materials and workmanship.

4. **Change Orders.** Tenant may, at Tenant's sole cost and expense, (i) request certain additional Work, improvements, or specifications to the Premises in excess of Building Standard Improvements, and (ii) initiate changes in the Work. Each such change or improvement beyond Building Standard Improvements must receive the prior written approval of Landlord, such approval not to be unreasonably withheld or delayed; however, (a) if such requested

change would adversely affect (in the reasonable discretion of Landlord) (1) the Building's structure or the Building's systems (including the Building's restrooms or mechanical rooms), (2) the exterior appearance of the Building, or (3) the appearance of the Common Areas or elevator lobby areas (if any), or (b) if any such requested change might delay the Rent Commencement Date, Landlord may withhold its consent in its sole and absolute discretion.

5. **Definitions.** As used herein, a "Tenant Delay Day" shall mean each day of delay in the performance of the Work that occurs (a) because of Tenant's failure to timely deliver or approve any required documentation such as the Plans or Working Drawings, (b) because of any approved change by Tenant to the Plans or Working Drawings, or (c) because Tenant otherwise delays completion of the Work; provided, however, Tenant shall be provided two (2) business days' written notice and opportunity to cure any event of delay before such delay shall be deemed a Tenant Delay Day. As used herein "Substantial Completion," "Substantially Completed," and any derivations thereof mean (a) the Work in the Premises has been performed in substantial accordance with the Working Drawings, as reasonably determined by Landlord (other than any details of construction, mechanical adjustment or other similar matter, the noncompletion of which does not materially interfere with Tenant's use or occupancy of the Premises) and (b) the Town of Siler City or other applicable municipality has issued a certificate of occupancy or its equivalent for the Premises.

6. **Walk-Through; Punchlist.** When Tenant considers the Work in the Premises to be Substantially Completed, Tenant will notify Landlord and within three (3) business days thereafter, Landlord's representative and Tenant's representative shall conduct a walk-through of the Premises and identify any necessary touch-up work, repairs and minor completion items that are necessary for final completion of the Work. Neither Landlord's representative nor Tenant's representative shall unreasonably withhold his or her agreement on punchlist items. Tenant shall use reasonable efforts to cause the contractor performing the Work to complete all punchlist items within thirty (30) days after agreement thereon; however, Tenant shall not be obligated to engage overtime labor in order to complete such items.

7. **Costs.** All Work shall be paid for by Landlord, provided that Tenant shall bear any additional costs incurred by Landlord in performing the Work for Change Orders (as described in **Section 4** of this Lease Addendum Number One) or Work beyond and in excess of Building Standard Improvements. Tenant shall pay Landlord an amount equal to fifty percent (50%) of the estimated additional costs of any change to the Plans or the Working Drawings at the time of approval of such change; Tenant shall pay to Landlord the remaining portion of additional costs incurred in performing the Work upon Substantial Completion of the Work.

8. **Repairs.** Anything in this Work Letter or Lease to the contrary notwithstanding, Landlord agrees to repair and correct the Work and any other work or materials installed by Landlord or its contractor in the Premises that prove defective as a result of faulty materials, equipment, or workmanship and that first appear within one (1) year after the date of Tenant's possession of the Premises.

LEASE ADDENDUM NUMBER TWO
ADDITIONAL RENT – OPERATING EXPENSES AND TAXES

1. **Operating Expenses.** The term “Operating Expenses” shall mean all expenses, costs and disbursements of every kind and nature paid during any Operating Year (defined below) in connection with the ownership, operation, repair and maintenance of the Building, including, but not limited to, (i) wages and salaries of all employees at or below the function of general Building manager and directly engaged in the operation, maintenance or security of the Building, including taxes (but not real estate taxes), insurance and benefits relating thereto (which for employees working for other properties in addition to the Building, shall be allocated proportionally to reflect the time spent working in connection with the Building); (ii) the cost of supplies, equipment, materials and tools used in the operation and maintenance of the Building; (iii) management fees (not to exceed three percent (3%) of the gross rental receipts from the Building for such Operating Year); (iv) except as otherwise provided below in Section 2, the cost of all legal and accounting expenses incurred in connection with the management and operation of the Building; (v) the cost of all utilities for the Building, including, but not limited to, the cost of HVAC, water, sewer, waste disposal, gas, and electricity; (vi) the cost of all maintenance and service agreements for the Building, including but not limited to, security service, window cleaning, elevator maintenance and janitorial service; (vii) premiums and other charges incurred by Landlord with respect to fire, other casualty, rent and liability insurance, any other insurance as is deemed necessary or advisable in the reasonable judgment of Landlord (which insurance shall be commensurate with the insurance practices of landlords of other similar first-class office buildings located in the greater Chatham County, North Carolina area); (viii) the cost of all license and permit fees to the extent not related to improvements to a specific tenant’s premises and/or not otherwise expressly excluded from Operating Expenses chargeable to Tenant hereunder; (ix) re-painting, re-striping, seal-coating, cleaning, sweeping, patching and repairing paved surfaces in the Common Areas including the parking areas for the Building; (x) a reasonable amortization charge (based on the useful life of the capital investment items with the useful life and amortization schedule being determined in accordance with generally accepted accounting principles) on account of any capital expenditure incurred (a) to comply with applicable laws that first affect the Building after the Rent Commencement Date, (b) with the intention of reducing the Operating Expenses of the Building (provided such costs are incurred with the good faith, reasonable expectation that the amortized amount to be included in Operating Expenses will not exceed the reduction in Operating Expenses which will result therefrom) or (c) that are designed primarily to promote and protect the health, safety and well-being of the Building’s occupants; and (xi) all other expenses constituting operating and maintenance costs in connection with the Building, which under generally accepted accounting principles, are appropriate for inclusion in the calculation of Operating Expenses.

2. **Exclusions to Operating Expenses.** Except as specifically provided in Section 1 of this Lease Addendum Number Two, Operating Expenses shall not include the following: (1) depreciation on the Building or equipment or systems therein, (2) real estate brokers’ or other leasing commissions, (3) repairs and other work occasioned by casualty, to the extent Landlord is reimbursed by insurance proceeds, and other work paid from insurance, condemnation or warranty proceeds, or for which Landlord is reimbursed by a tenant or other third party, (4) the cost (including any amortization thereof) of any improvements or alterations which would be properly classified as capital expenditures according to generally accepted property management practices (except to the extent expressly included in Operating Expenses pursuant to Section 1(x) above), (5) Taxes, (6) any expense for which Landlord is directly reimbursed by a tenant or other party (other than by means of an escalation or expense pass-through provision similar to this Section 1), (7) debt service, (8) rental under any ground or underlying lease, (9) interest, (10) accountants’ and attorneys’ fees and expenses incurred in connection with lease negotiations or lease disputes with current or prospective tenants or in connection with the defense of Landlord’s title to the Building, (11) the cost (including permits, licenses and inspection fees) of decorating, improving for tenant occupancy, renovating, painting or redecorating portions of the Building to be demised to tenants, (12) executive salaries, (13) advertising costs, (14) overhead and profit increments paid to subsidiaries or affiliates of Landlord for management or other services on or to the Building or for supplies or other materials to the extent that the cost of the services, supplies or materials materially exceed the amounts normally payable for similar goods and services under similar circumstances (taking into account the market factors in effect on the date any relevant contracts were negotiated) in comparable first-class office buildings in the greater Chatham County, North Carolina area, (15) Landlord’s charitable contributions to charitable organizations, (16) interest, fines and penalties incurred by reason of Landlord’s failure to timely pay Taxes or Operating Expenses, (17) costs associated with the operation of the business of the entity which constitutes Landlord, as the same are distinguished from the costs of the operation of the Building by Landlord, (18) Landlord’s general corporate office overhead and administrative expenses, (19) rentals and other related expenses incurred in

leasing air conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature (except equipment that is not affixed to the Building and is used in providing janitorial services, and except to the extent such costs would otherwise be includable pursuant to Section 1(x) above), (20) costs incurred directly as a result of the gross negligence or willful misconduct of Landlord, its agents, employees or contractors, (21) all direct costs of refinancing, selling or exchanging the Building, including broker commissions, attorney's fees and closing costs, (22) penalties or other costs incurred due to a violation by Landlord, as determined by written admission, stipulation, final judgment or arbitration award, of any of the terms and conditions of this Lease or any other lease relating to the Building, or (23) any costs incurred in installing, operating, maintaining or owning any specialty facility or concession not normally installed, operated and maintained in buildings comparable to the Building and not necessary for Landlord's operation, repair, maintenance and providing of required services for the Building, including, but not limited to any observatory, broadcasting facility (other than the Building's music system and life support systems) or luncheon club. If less than ninety-five percent (95%) of the rentable square footage of the Building is actually occupied during any Operating Year (defined below), including, without limitation, Operating Expenses that vary based on occupancy levels shall be computed for such Operating Year (defined below) as though ninety-five percent (95%) of the rentable square footage of the Building had been occupied during such Operating Year (defined below), as reasonably determined by Landlord. All Operating Expenses shall be reasonable in amount and all allocations of costs to the Building, the Premises, and the real estate upon which the Building and Premises are located shall be reasonable. Notwithstanding anything to the contrary contained in this Lease, with respect to any Operating Expenses and Taxes attributable to the other buildings in a project owned by Landlord as opposed to just the Building, if the project is comprised of other buildings aside from the Building, then the Operating Expenses and Taxes associated with the project shall be proportionally allocated to all of the buildings located within the project and only the proportionate share of such expenses attributable to the Building shall be included in the calculation of Operating Expenses and Taxes pursuant to this Lease Addendum Number Two. Notwithstanding anything in this Lease to the contrary, in no event shall the Operating Expenses include any amount that is duplicative in nature of any other expense to be paid by Tenant hereunder, whether as a part of Operating Expenses, as additional rent or otherwise.

3. **Taxes.** The term "Taxes" shall mean all taxes, assessments, and all other similar charges, if any, which are levied, assessed, or imposed upon or become due and payable in connection with, or a lien upon, the Building or any portion thereof, the facilities used in connection therewith, or on any improvements, fixtures and equipment and other personal property of Landlord located in the Building and used in connection with the operation of the Building, and all taxes of whatsoever nature that are imposed in substitution for or in lieu of any of the taxes, assessments, or other charges included in this definition of Taxes; but excluding, however, taxes and assessments attributable to the personal property of tenants and paid by such tenants as a separate charge and excluding income, franchise, transfer, inheritance, capital gains, profit, succession or capital stock taxes, unless due to a change in the method of taxation, any of such taxes is levied or assessed against Landlord in lieu of or as a substitute in whole or in part for Taxes. Notwithstanding anything to the contrary contained herein, Taxes shall not include any penalties, fines, interest and late charges incurred as a result of Landlord's failure to timely pay Taxes, unless such failure was due to Tenant's failure to timely pay its Taxes.

4. **Tenant's Proportionate Share.** The term "Tenant's Proportionate Share" shall mean and be determined by dividing the rentable square feet of the Premises (as finalized or confirmed) by the net rentable square feet of the Building (as finalized or confirmed).

5. **Payment of Additional Rent.** Commencing on Rent Commencement Date, and continuing throughout the remainder of the Term, Tenant shall pay to Landlord Additional Rent for the Premises in accordance with the terms of this Section 5. Tenant shall pay on a monthly basis during the Term as Additional Rent, Tenant's Proportionate Share of Operating Expenses. As soon as available in each operating year during the Term of this Lease, Landlord shall provide Tenant with a written statement setting forth a projection of Tenant's Proportionate Share of Operating Expenses for such Operating Year ("Operating Year" shall mean each calendar year occurring during the Term of this Lease). Commencing on the first day of the first month following receipt of such statement and continuing until receipt by Tenant of Landlord's statement of the next projected Tenant's Proportionate Share of Operating Expenses, Tenant shall pay to Landlord each month and on the first day of the month an amount equal to one-twelfth (1/12th) of such projected Tenant's Proportionate Share of Operating Expenses.

6. **Annual Reconciliation.** By the later to occur of one hundred twenty (120) days following Landlord's receipt of the final tax bill for each calendar year or April 30th of each calendar year, Landlord shall furnish Tenant with a statement of the Operating Expenses for the preceding Operating Year and a computation of the Additional Rent owed by Tenant for such Operating Year ("Expense Statement"). Failure of Landlord to provide such statement within such

time period shall not be a waiver of Landlord's right to collect any Additional Rent. If such statement shows that the actual amount Tenant owes for such Operating Year is more than the estimated Additional Rent paid by Tenant for such Operating Year, Tenant shall pay the difference within thirty (30) days after Tenant's receipt of the Expense Statement. If the Expense Statement shows that Tenant paid more in estimated Additional Rent than the actual amount of Additional Rent owed by Tenant for such Operating Year, Tenant shall receive a credit therefor. The credit shall be applied to next installments of Additional Rent coming due under the Lease, or if this Lease has expired, such amount shall be refunded to Tenant within thirty (30) days following the date of the Expense Statement. Unless timely disputed by Tenant, the Operating Expenses and Additional Rent set forth in the Expense Statement shall be binding upon Tenant. Provided, however, that in the event that the Term of this Lease expires, or is terminated pursuant to the terms of this Lease, on a date other than December 31, Landlord will provide Tenant with an Expense Statement within one hundred twenty (120) days after the end of the final Operating Year contained in the Term, as provided above, and the Additional Rent shown in such Expense Statement shall be due from Tenant to Landlord within thirty (30) days after Tenant's receipt of such statement, or if such Expense Statement shows that that Tenant paid more in estimated Additional Rent than the actual amount of Additional Rent owed by Tenant for such Operating Year, Landlord shall refund such overpayment to Tenant within thirty (30) days after the date of such Expense Statement. Not more than one (1) time during any calendar year, Landlord may in good faith revise Tenant's monthly Additional Rent amount, and upon Tenant's receipt of such new amount from Landlord, Tenant shall pay the new amount for the balance of the calendar year.

7. Cap on Controllable Operating Expenses. Increases in Tenant's Proportionate Share of Operating Expenses constituting Controllable Expenses (as defined below) shall be limited to a two and one half percent (2.5%) per annum increase on a cumulative and compounding basis. For purposes hereof, "Controllable Expenses" shall mean all expenses other than those that are outside of the reasonable control of Landlord, including, without limitation, taxes, insurance premiums, utilities, the minimum wage component of janitorial services, snow removal, administrative and overhead costs, the minimum wage component of landscaping, and management fees and repairs necessitated by an extraordinary weather event (such as a hurricane) not rising to a casualty event.

8. Tenant's Review of Operating Expenses. Tenant shall have the right to examine and review Landlord's books and records pertaining to Operating Expenses ("Tenant's Review"), at Tenant's expense, one time during each calendar year provided that (i) Tenant provides Landlord with written notice of its election to conduct Tenant's Review no later than sixty (60) days following Tenant's receipt of the Operating Expense Annual Statement and completes Tenant's Review within sixty (60) days after giving such notice; (ii) there is no event of default under the Lease as of the date that Tenant delivers such notice nor any default that occurs during Tenant's Review after the giving of notice and that is not cured or in the process of being cured within any applicable cure periods; (iii) Tenant fully and promptly pays all Rent, including Tenant's Proportionate Share of Operating Expenses as billed by Landlord pending the outcome of Tenant's Review; (iv) Tenant's Review is conducted by a qualified employee of Tenant or by an accounting firm engaged by Tenant on a non-contingency fee basis; (v) Tenant and the person(s) conducting Tenant's Review agree that they will not divulge the contents of Landlord's books and records or the result of their examination to any other person, including any other tenant in the Building, other than Tenant's attorneys, accountants, employees and consultants who have need of the information for purposes of administering this Lease for Tenant or as other required by Applicable Laws (as hereinafter defined). Tenant shall not be entitled to challenge Landlord's calculation of Operating Expenses in any year(s) prior to the year for which Tenant's Review is being conducted, all such Operating Expenses to be deemed final and binding on the parties once Tenant's Review for that year has been conducted or Tenant's right to conduct Tenant's Review for such year has elapsed. Tenant's Review shall be conducted at Landlord's office where the records are maintained during Landlord's normal business hours or by Landlord uploading such records to a virtual data room accessible to Tenant and its representatives. In the event that Tenant's Review demonstrates that Landlord has overstated Operating Expenses, Landlord shall reimburse Tenant for any overpayment of Tenant's Proportionate Share of such Operating Expenses within thirty (30) days of Landlord's receipt of reasonably sufficient documentation of such overstatement from Tenant; provided, however, that Tenant's Review must be completed within the time frames set forth in subsection (i), above, of this paragraph or Landlord shall have no obligation to reimburse Tenant for any overstatement of Operating Expenses for that year then under review. Tenant's Review shall be conducted at Tenant's sole cost and expense; provided, that, if Landlord has overstated Operating Expenses by more than ten percent (10%), Landlord shall promptly reimburse Tenant for its reasonable and actual costs and expenses incurred in connection with such review up to \$2,500.00. Should Landlord dispute the results of Tenant's Review and such dispute is made in good faith and reasonably supported by Landlord's documentation, Landlord and Tenant shall refer the matter to a mutually acceptable independent certified public

accountant, who shall be hired on a non-contingent fee basis and shall work in good faith with Landlord and Tenant to resolve the discrepancy. The fees and costs of such independent accountant to which such dispute is referred shall be borne by the unsuccessful party and shall be shared pro rata to the extent each party is unsuccessful as determined by such independent certified public accountant, whose decision shall be final and binding.

EXHIBIT A-1
PREMISES

[to be attached or added]

EXHIBIT A-2

LAND

[to be attached or added]

EXHIBIT B

CERTIFICATE AS TO TERM OF LEASE AND CONFIRMATION OF PREMISES

WHEREAS, Siler City Investment, LLC, a North Carolina limited liability company ("Landlord") and Chatham County, a body politic and corporate of the State of North Carolina ("Tenant") entered into that certain Lease dated _____ (the "Lease");

WHEREAS, Landlord has delivered possession of the Premises pursuant to the Lease;

WHEREAS, Landlord and Tenant desire to confirm the date the Lease commences, the date the Term expires, and the dates Base Rent is due during the Term.

NOW, THEREFORE, Landlord and Tenant hereby agree as follows:

1. For all purposes of this Certificate, all terms used herein that are defined in the Lease shall have the same meanings ascribed to them in the Lease.
2. The Term commenced on _____, and unless sooner terminated or extended as provided in the Lease, shall expire on _____ at 5:00 o'clock p.m.
3. The square footage of the Premises is _____ and the square footage of the Building is _____. Tenant's Proportionate Share for purposes of calculating Operating Expenses is _____.
_____.
4. Tenant has accepted, is satisfied with, and is in full possession of said Premises, including all improvements, additions and alterations thereto required to be made by Landlord under the Lease.
5. Landlord and Tenant hereby ratify and affirm the Lease and agree the Lease remains in full force and effect in accordance with its term, provided, however, to the extent of any conflict between the Lease and this Certificate, this Certificate shall control.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Agreement to be duly executed, as of the day and year first above written.

[Remainder of page intentionally blank; signatures on following page]

Tenant:

CHATHAM COUNTY

a body politic and corporate of the State of North Carolina

By: _____

Name: _____

Title: _____

Landlord:

SILER CITY INVESTMENT, LLC

a North Carolina limited liability company

By: _____

Name: _____

Title: _____

EXHIBIT C
RULES AND REGULATIONS

1. **Access to Building.** On Saturdays after 1:00 P.M., Sundays, legal holidays and weekdays between the hours of 6:00 P.M. and 8:00 A.M., access to the Building and/or to the halls, corridors, elevators or stairways in the Building may be restricted and access shall be gained by use of a key or electronic card to the outside doors of the Buildings. Landlord may from time to time establish security controls for the purpose of regulating access to the Building. Tenant shall be responsible for providing access to the Premises for its agents, employees, invitees and guests at times access is restricted, and shall comply with all such security regulations so established.

2. **Protecting Premises.** The last member of Tenant to leave the Premises shall close and securely lock all doors or other means of entry to the Premises and shut off all lights and equipment in the Premises.

3. **Building Directories.** The directories for the Building in the form selected by Landlord shall be used exclusively for the display of the name and location of tenants. Any additional names and/or name change requested by Tenant to be displayed in the directories must be approved by Landlord and, if approved, will be provided at the sole expense of Tenant.

4. **Large Articles.** Furniture, freight and other large or heavy articles may be brought into the Building only at times and in the manner designated by Landlord and always at Tenant's sole responsibility. All damage done to the Building, its furnishings, fixtures or equipment by moving or maintaining such furniture, freight or articles shall be repaired at Tenant's expense.

5. **Signs.** Tenant shall not paint, display, inscribe, maintain or affix any sign, placard, picture, advertisement, name, notice, lettering or direction on any part of the outside or inside of the Building, or on any part of the inside of the Premises which can be seen from the outside of the Premises, including windows and doors, without the written consent of Landlord, and then only such name or names or matter and in such color, size, style, character and material as shall be first approved by Landlord in writing. Landlord, without notice to Tenant, reserves the right to remove, at Tenant's expense, all matters other than that provided for above.

6. **Compliance with Laws.** Tenant shall comply with all applicable laws, ordinances, governmental orders or regulations and applicable orders or directions from any public office or body having jurisdiction, whether now existing or hereinafter enacted with respect to the Premises and the use or occupancy thereof. Tenant shall not make or permit any use of the Premises which directly or indirectly is forbidden by law, ordinance, governmental regulations or order or direction of applicable public authority, which may be dangerous to persons or property or which may constitute a nuisance to other tenants. Additionally, Tenant is prohibited from engaging in the production, distribution or sale of marijuana, cannabis or other byproducts.

7. **Hazardous Materials.** Except in accordance with the terms of the Lease, Tenant shall not use or permit to be brought into the Premises or the Building any flammable oils or fluids, or any explosive or other articles deemed hazardous to persons or property, or do or permit to be done any act or thing which will invalidate, or which, if brought in, would be in conflict with any insurance policy covering the Building or its operation, or the Premises, or any part of either, and will not do or permit to be done anything in or upon the Premises, or bring or keep anything therein, which shall not comply with all rules, orders, regulations or requirements of any organization, bureau, department or body having jurisdiction with respect thereto (and Tenant shall at all times comply with all such rules, orders, regulations or requirements), or which shall increase the rate of insurance on the Building, its appurtenances, contents or operation.

8. **Defacing Premises and Overloading.** Tenant shall not place anything or allow anything to be placed in the Premises near the glass of any door, partition, wall or window that may be unsightly from outside the Premises. Tenant shall not place or permit to be placed any article of any kind on any window ledge or on the exterior walls; blinds, shades, awnings or other forms of inside or outside window ventilators or similar devices shall not be placed in or about the outside windows in the Premises except to the extent that the character, shape, color, material and make thereof is approved by Landlord. Tenant shall not do any painting or decorating in the Premises or install any floor coverings in the Premises or make, paint, cut or drill into, or in any way deface any part of the Premises or Building without in each instance obtaining the prior written consent of Landlord. Tenant shall not overload any floor or part thereof in the Premises, or any facility in the Building or any public corridors or elevators therein by bringing in or removing any large or heavy articles and Landlord may direct and control the location of safes, files, and all other

heavy articles and, if considered necessary by Landlord may require Tenant at its expense to supply whatever supplementary supports necessary to properly distribute the weight.

9. **Obstruction of Public Areas.** Tenant shall not, whether temporarily, accidentally or otherwise, allow anything to remain in, place or store anything in, or obstruct in any way, any sidewalk, court, hall, passageway, entrance, or shipping area. Tenant shall lend its full cooperation to keep such areas free from all obstruction and in a clean and sightly condition, and move all supplies, furniture and equipment as soon as received directly to the Premises, and shall move all such items and waste (other than waste customarily removed by Building employees) that are at any time being taken from the Premises directly to the areas designated for disposal. All courts, passageways, entrances, exits, elevators, escalators, stairways, corridors, halls and roofs are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence, in the judgment of Landlord, shall be prejudicial to the safety, character, reputation and interest of the Building and its tenants; provided, however, that nothing herein contained shall be construed to prevent such access to persons with whom Tenant deals within the normal course of Tenant's business so long as such persons are not engaged in illegal activities.

10. **Additional Locks.** Tenant shall not attach, or permit to be attached, additional locks or similar devices to any door or window, change existing locks or the mechanism thereof, or make or permit to be made any keys for any door other than those provided by Landlord. Upon termination of this Lease or of Tenant's possession, Tenant shall immediately surrender all keys or access devices to the Premises.

11. **Communications or Utility Connections.** If Tenant desires signal, alarm or other utility or similar service connections installed or changed, then Tenant shall not install or change the same without the approval of Landlord, and then only under direction of Landlord and at Tenant's expense. Tenant shall not install in the Premises any equipment which requires a greater than normal amount of electrical current for the permitted use without the advance written consent of Landlord. Tenant shall ascertain from Landlord the maximum amount of load or demand for or use of electrical current which can safely be permitted in the Premises, taking into account the capacity of the electric wiring in the Building and the Premises and the needs of other tenants in the Building, and Tenant shall not in any event connect a greater load than that which is safe.

12. **Restrooms.** The restrooms, toilets, urinals, vanities and the other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant whom, or whose employees or invitees, shall have caused it.

13. **Intoxication.** Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated, or under the influence of liquor or drugs, or who in any way violates any of the Rules and Regulations of the Building.

14. **Nuisances and Certain Other Prohibited Uses.** Tenant shall not (a) install or operate any internal combustion engine, boiler, machinery, refrigerating, heating or air conditioning apparatus in or about the Premises; (b) engage in any mechanical business, or in any service in or about the Premises or Building, except those ordinarily embraced within the Permitted Use as specified in Article 4(a) of the Lease; (c) use the Premises for housing, lodging, or sleeping purposes; (d) prepare or warm food in the Premises or permit food to be brought into the Premises for consumption therein (heating coffee and individual lunches of employees excepted) except by express permission of Landlord; (e) place any radio or television antennae on the roof or on or in any part of the inside or outside of the Building other than the inside of the Premises, or place a musical or sound producing instrument or device inside or outside the Premises which may be heard outside the Premises; (f) use any power source for the operation of any equipment or device other than dry cell batteries or electricity; (g) operate any electrical device from which may emanate waves that could interfere with or impair radio or television broadcasting or reception from or in the Building or elsewhere; (h) bring or permit to be in the Building any bicycle, other vehicle, dog, other animal or bird (except for ADA certified service animals [such as seeing eye dogs or other animals which have been professionally and individually trained to do work or perform tasks for the benefit of an individual with a disability]; therapy animals, companion animals or emotional support animals are not allowed in, on or about the Premises or the Building at any time); (i) make or permit any objectionable noise or odor to emanate from the Premises; (j) disturb, harass, solicit or canvass any occupant of the Building; (k) do anything in or about the Premises which could be a nuisance or tend to injure the reputation of the Building; (i) allow any firearms in the Building or the Premises except as approved by Landlord in writing.

15. **Solicitation.** Tenant shall not canvass other tenants in the Building to solicit business or contributions and shall not exhibit, sell or offer to sell, use, rent or exchange any products or services in or from the Premises unless ordinarily embraced within the Tenant's Permitted Use as specified in Section 4 of the Lease.

16. **Energy Conservation.** Tenant shall not waste electricity, water, heat or air conditioning and agrees to cooperate fully with Landlord to insure the most effective operation of the Building's heating and air conditioning, and shall not allow the adjustment (except by Landlord's authorized Building personnel) of any controls.

17. **Building Security.** At all times other than normal business hours the exterior Building doors and suite entry door(s) must be kept locked to assist in security. Building security concerns should be directed to Landlord's Property Manager.

18. **Parking.** Parking is in designated parking areas only. There shall be no vehicles in "no parking" zones or at curbs. Handicapped spaces are for handicapped persons only and the Police Department will ticket unauthorized (unidentified) cars in handicapped spaces. Landlord reserves the right to remove vehicles that do not comply with the Lease or these Rules and Regulations and, to the extent permitted by law, Tenant shall hold harmless Landlord from its reasonable exercise of these rights with respect to the vehicles of Tenant and its employees, agents and invitees.

19. **Janitorial Service.** The janitorial staff will remove all trash from trashcans, vacuum, dust, and clean bathrooms. Any container or boxes left in hallways or apparently discarded unless clearly and conspicuously labeled DO NOT REMOVE may be removed without liability to Landlord. Any large volume of trash resulting from delivery of furniture, equipment, etc., should be removed by the delivery company, Tenant, or Landlord at Tenant's expense. Recycled paper waste will not be handled by Landlord through the janitorial staff due to the sensitivity that may be associated with Tenant's work. Tenant is to make alternate arrangements to discard of its recycled paper waste. Additionally, the janitorial staff will address common area cleaning with vacuuming, mopping, sweeping, dusting, window cleaning, emptying of trash receptacles, wiping down of items as needed, such as, but not limited to, walls and elevators and a full cleaning of bathrooms. Janitorial service will be provided after hours five (5) days a week. All requests for trash removal other than normal janitorial services should be directed to Landlord's Property Manager.

20. **Construction.** Tenant shall make no structural or interior alterations of the Premises except in accordance with the Lease. All structural and nonstructural alterations and modifications to the Premises shall be coordinated through Landlord as outlined in the Lease. Completed construction drawings of the requested changes are to be submitted to Landlord or its designated agent for pricing and construction supervision.

EXHIBIT D
TENANT'S PARKING RIGHTS AND BUILDING PARKING RULES

Landlord agree to use best efforts to maintain at least 179 parking spaces for Tenant's use.

The parking rules & regulations below are designed to assure Building tenants and visitors safe use and enjoyment of the facilities. Please remove or hide any personal items of value from plain sight to avoid temptation leading to vandalism of vehicles. Please exercise added caution when using parking lot at night. Please keep vehicle locked at all times. Please report violations of these rules to the Landlord immediately. Please report any lights out or other possibly dangerous situations to the Landlord as soon as possible.

Restrictions

- Damage caused by vehicles is the responsibility of vehicle owner.
- Landlord is not responsible for theft or damage to any vehicle.
- Landlord is not responsible for water damage.
- Vehicles not to exceed 5 miles per hour speed limit.
- Vehicles that leak excessive fluids will be required to protect parking surface.
- Mechanical repairs to vehicles are not permitted.
- Large or oversize vehicles such as motor homes, boats or trailers are not permitted.
- No parking in fire lanes, loading zones or any other areas not designated as a parking space.
- Landlord may need to modify the parking rules, but no such modification will diminish Tenant's parking rights granted hereunder.

Violations of rules & regulations may result in towing. Towing can only be ordered by Landlord or Landlord's Property Manager. Charges for towing are to be paid by vehicle owner.

NORTH CAROLINA

GROUND LEASE AGREEMENT

CHATHAM COUNTY

This GROUND LEASE AGREEMENT (the “***Lease***”) is entered into on the ____ day of _____, 2020 (the “***Effective Date***”) by and between the **COUNTY OF CHATHAM**, a body politic and corporate of the State of North Carolina (the “***Ground Lessor***”) and **SILER CITY INVESTMENT**, a North Carolina limited liability company (the “***Ground Lessee***”). Ground Lessor and Ground Lessee each may be referred to individually as a “***Party***” and collectively as the “***Parties***.”

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth in this Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Ground Lessor and Ground Lessee agree as follows:

ARTICLE I
BASIC LEASE INFORMATION

1.1 Basic Lease Information. In addition to the terms that are defined elsewhere in this Lease, these terms are used in this Lease.

1.1.1 Ground Lessor’s Address for Notices and Payments:

Siler City Investment, LLC
c/o CapStack Partners
99 Wall Street, Suite 3911
New York, NY, 10005
Attn: David Blatt

With a copy to:
Longleaf Law Partners
4509 Creedmoor Road, Suite 302
Raleigh, N.C. 27612
Attn: T. Carlton Younger

1.1.2 Ground Lessee’s Address:

Chatham County
P. O. Box 1809
Pittsboro, NC 27312
Attention: County Manager

With a copy to:
Chatham County
P. O. Box 1809
Pittsboro, NC 27312
Attention: County Attorney

1.1.3 Land. The land containing approximately four (4) to five (5) acres, more or less, to be identified and confirmed by a subsequent survey or site plan to be mutually approved by Ground Lessor and Ground Lessee, in their reasonable discretion, and sufficient for Ground Lessee to construct the necessary Improvements for the Permitted Use (the “***Land***”), out of the parcel containing approximately

35.00 acres, located at 492 Progress Boulevard, Siler City, NC 27344 (Chatham County Parcel ID #0014326) (the “**Ground Lessor’s Parcel**”). Ground Lessor and Ground Lessee agree to execute an amendment to this Lease which shall set forth the legal description of the Land and the Premises subject to this Lease within fifteen (15) days of the parties agreement upon a survey defining and confirming the Premises subject to this Lease.

1.1.4 Improvements. The improvements now or hereafter located on the Land, including without limitation any buildings placed on the Land, whether placed thereon by Ground Lessor or Ground Lessee (collectively, the “**Improvements**”).

1.1.5 Premises. The Land, together with all Improvements, and all rights, privileges, appurtenances and easements belonging to or in any way pertaining to the Land and/or the Improvements shall be known as the “**Premises**.”

1.1.6 Term. Ninety-nine (99) years, commencing on the Rent Commencement Date and expiring on the Termination Date, as more specifically set forth in Section 2.2.

1.1.7 Effective Date. The full execution of this Lease by Ground Lessor and Ground Lessee. Upon the Effective Date, the terms and provisions hereof shall be fully binding on Ground Lessor and Ground Lessee prior to the occurrence of the Lease Commencement Date or the Rent Commencement Date.

1.1.8 Lease Commencement Date. The “**Lease Commencement Date**” shall be the later date of actual possession of the Premises is delivered to Ground Lessee in accordance with this Lease, free of all leases and occupants. Ground Lessor shall deliver possession of the Premises within (3) days following the earlier of (a) the expiration of the Approval Period (defined in Section 4.4), or (b) Ground Lessee’s written notice that all Ground Lessee’s Conditions (defined in Section 4.3) have been satisfied or are waived.

1.1.9 Rent Commencement Date. The “**Rent Commencement Date**” shall be the date that the initial Improvements are substantially complete and the individual premises in the building and Improvements are delivered to the subtenants to occupy and operate for the purposes of conducting business therein as evidenced by the receipt of a certificate of occupancy for the Improvements; provided, however, such date shall in no event be later than forty-eight (48) months after the conclusion of the Construction Commencement Period (hereinafter defined) (the “**Outside Date**”).

1.1.10 Termination Date. The last day of the calendar month that is ninety-nine (99) years from the Rent Commencement Date.

1.1.11 Security Deposit. None.

1.1.12 Inspection Period. The period of sixty (60) days after the Effective Date, as amended (the “**Inspection Period**”).

1.1.13 Approval Period. The period of one hundred eighty (180) days following the Inspection Period, which may be extended by Ground Lessee upon written notice to Ground Lessor for a period of an additional thirty (30) days, to satisfy Ground Lessee’s Conditions (as further defined in Section 4.4).

1.1.14 Construction Commencement Period. The period of one hundred twenty (120) days following the expiration of the Approval Period for Ground Lessee to commence construction of the Improvements (as further defined in Section 5.2).

1.1.15 Declaration. The “**Declaration**” shall mean the Declaration of Covenants, Conditions and Restrictions for Central Carolina Business Campus, recorded at Book 1292, Page 1071 of the Chatham County Registry, and any amendments thereto.

1.2 Exhibits. The following exhibits are attached to this Lease and are made part of this Lease by this reference.

Exhibit A – Right of First Refusal to Purchase

Exhibit B – Right of First Refusal to Lease

Exhibit C – Form of Memorandum of Lease

ARTICLE II PREMISES, TERM AND USE

2.1 Premises. Upon the terms, provisions and conditions hereof, and each in consideration of the duties, covenants and obligations of the other hereunder, the Ground Lessor hereby leases to the Ground Lessee the Premises, and Ground Lessee hereby leases the Premises from Ground Lessor, together with all privileges and appurtenances thereunto belonging, for the term and upon the mutual covenants and conditions hereinafter set forth.

2.2 Term.

2.2.1 Subject to the terms, provisions and conditions hereof, this Lease shall continue in force for a term (the “**Term**”) of ninety-nine (99) years. The Term of this Lease shall commence on the Rent Commencement Date, and shall terminate and expire on the last day of the calendar month that is ninety-nine (99) years from the Rent Commencement Date (the “**Termination Date**”), unless sooner terminated in accordance with the terms of this Lease. Once the Rent Commencement Date is established, the Parties shall execute an agreement or confirmation letter setting forth all such applicable dates under this Lease.

2.2.2 Upon the Effective Date, the terms and provisions hereof shall be fully binding on Ground Lessor and Ground Lessee prior to the occurrence of the Lease Commencement Date and the Rent Commencement Date.

2.3 Ownership of Improvements: Surrender of Premises. During the Term, Ground Lessee shall own all Improvements (and Ground Lessee shall have all depreciation rights related thereto), whether existing or to be constructed, on the Premises. Upon the Termination Date, Ground Lessor shall own all Improvements on the Land and Ground Lessee shall have no further rights to the Land, the Improvements, or the Premises. Throughout the Term, any liens, encumbrances, mortgages, or claims of third parties including construction lenders and permanent lenders, with respect to any property which may be deemed owned by the Ground Lessee including the Improvements and any part thereof, shall be expressly subordinate and subject to the rights of the Ground Lessor, unless otherwise consented to by the Ground Lessor under this Lease.

2.4 Expiration of Lease. At the expiration or earlier termination of this Lease, the Ground Lessee will promptly quit and surrender the entire Premises, which shall include the Land and any

Improvements, including the Improvements (if any) constructed by or on behalf of the Ground Lessee on the Premises, in good order, condition, and repair, ordinary wear and tear excepted. Prior to the Termination Date, Ground Lessee may remove from the Premises any trade fixtures, equipment, furniture and other personal property placed at the Premises by Ground Lessee; provided, Ground Lessee will not remove any trade fixtures or equipment if the removal of such fixtures or equipment will result in impairing the structural integrity of the Improvements or any part of the Improvements, including but not limited to any HVAC or mechanical systems. All trade fixtures, equipment, furniture, inventory, effects, alterations, additions, and improvements not so removed will be deemed conclusively to have been abandoned by Ground Lessee and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Ground Lessor without notice to Ground Lessee or any other person and without obligation to account for them.

2.5 Permitted Use. Subject to any matters of record as of the Effective Date, Ground Lessee may use the Premises for an office building for the provision of medical services and other similar office and medical office uses, and other ancillary and related uses, and any other uses which are permitted by the terms of the Health Department Lease (hereinafter defined) (collectively, “**Permitted Use**”), but for no other use without the Ground Lessor’s written consent, which shall not be unreasonably withheld, and no other use or operation which is prohibited under Section 3.08 of the Declaration (unless said use and operation is waived or consented to under the Declaration and by Ground Lessor).

2.6 Assignment and Sublease.

2.6.1 Except as otherwise provided in this Lease, Ground Lessee may assign, convey, or transfer Ground Lessee’s leasehold interest in the Premises or in this Lease without the Ground Lessor’s consent; except, however, that Ground Lessee shall provide Ground Lessor with thirty (30) days written notice of an expected assignment of this Lease and so as to allow Ground Lessor the opportunity to provide a written objection to the proposed assignment (and providing the specific basis therefor) on the sole grounds that Ground Lessor is of the reasonable belief that such assignment or transfer would be impermissible under North Carolina law, including laws concerning governmental transfers of leasehold interests in real property, either as it relates to this Lease, the Health Department Lease or both. In the event that Ground Lessor objects to the proposed assignment or transfer within thirty (30) days of the date of Ground Lessor’s notice under this Section 2.6, the proposed assignment may not occur and shall not be valid unless and until Ground Lessor reasonably consents to the proposed assignment, but if Ground Lessor does not provide any written objection to the proposed assignment then Ground Lessor shall be deemed to have approved the proposed assignment as submitted. Except as otherwise provided in this Lease, every assignment or sublease shall recite (a) that it is and shall be subject and subordinate to the provisions of this Lease, and (b) that the termination or cancellation of this Lease shall constitute a termination and cancellation of such assignment or sublease. Upon an assignment or transfer of this Lease, (x) the new Ground Lessee shall succeed to and be fully responsible for all of the Ground Lessee’s obligations, including all obligations to Ground Lessor, hereunder; (y) Ground Lessor shall be bound to the new Ground Lessee to the same extent as it was bound to Ground Lessee; and (z) Ground Lessee hereunder shall be entirely freed and relieved of any further obligation or responsibility under this Lease except with respect to any obligation, responsibility or liability for acts, omissions and Events of Default occurring prior to the effective time of such assignment or transfer. Each assignment or transfer hereof shall be effectuated by a writing wherein the assignee or transferee agrees to assume and be bound by all of Ground Lessee’s obligations hereunder. For the purposes of this Lease, an “**assignment**” or “**transfer**” hereof shall include all direct and indirect assignments or transfers hereof, including those effectuated by operation of law (e.g., through bankruptcy proceedings) and a Change of Control. For the purposes hereof, “**Change of Control**” means the closing of (i) a merger, consolidation or similar transaction providing for the acquisition of the direct or indirect ownership of more than fifty percent (50%) of Ground Lessee’s membership interests or similar equity interests or voting power of the outstanding voting securities or that represents the power to

direct the management and policies of Ground Lessee, or (ii) the sale of all or substantially all of a Ground Lessee's assets.

2.6.2 Except as otherwise provided in this Lease, Ground Lessee may enter into any subleases for tenant space within the Improvements (for example, the Health Department Lease (hereinafter defined)) without Ground Lessor's consent, provided that any sublease complies with the terms and conditions of this Lease and is consistent with the Permitted Use.

ARTICLE III RENT

3.1 Base Rent. Beginning on the Rent Commencement Date and continuing throughout the Term, Ground Lessee shall pay to Ground Lessor, without demand, set-off, or deduction whatsoever, annual Base Rent of One Dollar (\$1.00) per year ("**Base Rent**"), without increase or escalation; provided, that, in the event the Health Department Lease is terminated as a result of Ground Lessee's default, as the Landlord under the Health Department Lease, then, in addition to whatever rights might be available to Ground Lessor under Article IX hereof, then, upon notice from Ground Lessor and for a period of sixty (60) days thereafter (the "**Renegotiation Period**"), the parties shall immediately commence good-faith negotiations to increase the Base Rent hereunder to an amount that is what an unrelated, third-party tenant with the creditworthiness as Ground Lessee (as of the time of such negotiations) would pay for a leasehold interest on terms similar to those set forth in this Lease for premises such as the Premises (as may be expanded or modified from time to time) in Chatham County, North Carolina, taking into account market Base Rent escalators over the remainder of the Term ("**Fair Value**"). If Ground Lessor and Ground Lessee have not agreed upon the Fair Value of Base Rent before the expiration of the Renegotiation Period, then within ten (10) business days thereafter Ground Lessor and Ground Lessee shall each appoint an appraiser who is a qualified member of the American Institute of Real Estate Appraisers (or any successor of such Institute, or if such organization or successor shall no longer be in existence, a recognized national association or institute of appraisers) who shall not be a sole practitioner, and shall have at least ten (10) years' experience in the leasing and valuation of commercial properties in North Carolina which are similar in character to the Premises (each, a "**Qualified Appraiser**"). The Qualified Appraisers shall select a third Qualified Appraiser. The three (3) Qualified Appraisers so appointed shall together determine the Fair Value of Base Rent for the remainder of the Term in accordance with the criteria set forth in this Section 3.1.

3.1.1 As used in this Lease, the first "**Lease Year**" shall be the period beginning on the Rent Commencement Date and expiring on the last day of the month that is twelve (12) months after the Rent Commencement Date. If the Rent Commencement Date is not the first day of a calendar month, the first Lease Year shall also include the partial month, if any, at the beginning of the Term. Each subsequent Lease Year shall be a period of twelve (12) months beginning upon the expiration of the previous Lease Year.

3.2 Utilities and Expenses. During the Term of this Lease, unless otherwise provided herein, Ground Lessee covenants and agrees to pay directly to the Party owed prior to the due date thereof, and without notice or demand from Ground Lessor, the cost of all utilities servicing the Premises during the Term relating to the use or occupancy of the Premises (collectively the "**Utility Expenses**"), any and all expenses that are the expressly obligations of Ground Lessee under this Lease (collectively the "**Expenses**").

3.2.1 Ground Lessee shall provide and maintain its own electrical, gas, telephone, water and sewer, garbage and refuse removal and other utility services with respect to the Premises and shall bear all expenses thereto, including, any connection charges. Ground Lessee will contract directly with and will directly pay for the Utility Expenses and charges for the Premises to the respective utility service provider.

Ground Lessor shall not take, nor permit any person claiming under Ground Lessor or any such occupant to take any action which shall interrupt, or interfere with, any utility service to the Premises, including without limitation, electric, gas, water, sewage or telephone service.

3.2.2 Ground Lessor agrees to forward to Ground Lessee in a timely manner any and all bills and notices of Expenses that Ground Lessor receives with respect to the Premises.

3.3 Taxes.

3.3.1 During the Term of this Lease, unless otherwise provided herein, Ground Lessee covenants and agrees to pay directly to the Party owed prior to the due date thereof, and without notice or demand from Ground Lessor, the amount of any ad valorem taxes, special assessments, impositions, governmental charges, governmental assessments and governmental levies now or hereafter assessed, levied, confirmed, imposed or which become a lien upon which become payable with respect to the Premises, and any taxes associated with Ground Lessee's leasehold interest (collectively the "**Governmental Impositions**"); provided, however, that Ground Lessee will not pay any taxes associated with the Land.

3.3.2 If any tax bill covers any period of time before the Lease Commencement Date or after the Term expires, Ground Lessee's obligation to pay Governmental Impositions shall be prorated, Ground Lessee shall pay Ground Lessee's portion of the Governmental Impositions to Ground Lessor, and Ground Lessor shall pay the Governmental Impositions when due.

3.3.3 Ground Lessee may dispute and contest any assessed value on the Premises and any Governmental Impositions on the Premises.

3.3.4 Ground Lessor shall not request or participate (and has not requested or is participating) in a request for a special assessment or an assessment or benefit district or improvements that would result in the Premises being assessed Governmental Impositions that are not generally payable throughout the jurisdiction in which the Premises is located without either Ground Lessee's prior written consent or Ground Lessor's written agreement (in form satisfactory to Ground Lessee) that Ground Lessor, and not Ground Lessee, shall pay such special assessments or other assessments applicable to the Premises.

3.4 Ground Lessor agrees to forward to Ground Lessee in a timely manner any and all bills and notices of Governmental Impositions, Utility Expenses, or Expenses that Ground Lessor receives with respect to the Premises; provided, Ground Lessee agrees to make commercially reasonable efforts to have all bills and notices of Governmental Impositions, Utility Expenses, and Expenses forwarded or copied to Ground Lessee from and after the Lease Commencement Date.

ARTICLE IV GROUND LESSOR AND GROUND LESSEE CONTINGENCIES

4.1 Inspection Period.

4.1.1 After the Effective Date, Ground Lessee (or its consultants) may enter upon the Premises to inspect the Premises, perform such tests, studies and investigations as Ground Lessee deems appropriate to determine the suitability of the Premises for Ground Lessee's intended use and proposed development, including without limitation, survey, environmental site assessment, geotechnical studies and title review, so long as Ground Lessee has provided Ground Lessor with the liability insurance required pursuant to this Lease. Ground Lessor represents and warrants to Ground Lessee that it has full power and authority to grant Ground Lessee the rights described herein. Ground Lessor shall cooperate with Ground

Lessee's reasonable requests for information and/or assistance in connection with such tests, studies and investigations. Within three (3) days after the Effective Date, Ground Lessor shall deliver to Ground Lessee all surveys, environmental site assessments, geotechnical reports, title materials and any other due diligence information in Ground Lessor's possession pertaining to the Premises (to the extent not previously delivered to Ground Lessee).

4.1.2 During the Inspection Period, Ground Lessee may obtain receipt of (i) a commitment for an ALTA Leasehold Title Policy (the "***Leasehold Policy***") insuring Ground Lessee's leasehold interest in the Premises created by this Lease, subject to all exceptions, easements, rights, rights-of-way, and other matters of record, and (ii) an as-built survey (the "***Survey***") of the Ground Lessor's Parcel or Premises in its current, existing condition, both of which are approved by Ground Lessee, in its sole discretion. Upon finalizing and confirming the specific area of the Land and Premises subject to this Lease, including after the expiration Inspection Period, Ground Lessee may obtain an updated commitment for a Leasehold Policy and Survey for the Premises. Ground Lessor will have good and marketable fee simple title to the Premises, free and clear of all liens, encumbrances and other matters, other than matters of public record that are reasonably acceptable to Ground Lessee or would not prevent Ground Lessee from constructing the Improvements based upon the Site Plan in order to allow the Permitted Use at the Premises. Ground Lessor shall cooperate with Ground Lessee to (a) deliver to Ground Lessee a standard form of North Carolina Land Title Association's owner affidavit and indemnity agreement as required by Ground Lessee's title company in order to delete the standard exceptions to liens for labor, services or materials, and (b) provide to Ground Lessee a resolution of Ground Lessor necessary to satisfy the requirements in the title commitment with respect to the Leasehold Policy related to Ground Lessor's authority to enter into this Lease.

4.1.3 In the event Ground Lessee is not satisfied with all such inspections, examination and studies in Ground Lessee's sole discretion then on or before the expiration of the Inspection Period, Ground Lessee shall have the right to terminate this Lease by sending written notice to Ground Lessor on or before the last day of the Inspection Period. In such event, the parties hereto shall have no further rights or obligations hereunder, except for such rights and obligations expressly set forth herein to survive termination.

4.2 Ground Lessor's Conditions. Ground Lessor's obligations under this Lease shall be conditioned and contingent upon the Chatham County Health Department executing a fully binding lease agreement (the "***Health Department Lease***") simultaneous to the execution of this Lease for a term of approximately ninety-nine (99) years, which shall be coterminous with this Lease, for an occupancy of approximately 7,000 square feet of space in a portion of the Improvements to be constructed by Ground Lessor on the Premises. The Health Department Lease shall remain binding and in full force and effect for the entire Term of this Lease, provided that the Ground Lessor, as the tenant under the Health Department Lease, is not in default beyond all notice and cure periods and said default has not otherwise been cured.

4.3 Ground Lessee's Conditions. Subject to the provisions of this Section 4.3, Ground Lessee's obligations under this Lease shall be conditioned and contingent upon the satisfaction of all of the following obligations and/or conditions (collectively, the "***Ground Lessee's Conditions***"):

4.3.1 Ground Lessee shall have received the following satisfactory approvals from any and all applicable governmental authorities having jurisdiction over the Premises to develop the Premises and construct the Improvements (each of which are an "***Approval***" and are collectively, the "***Approvals***"):

a) Site Plan. Approval by all applicable governmental and administrative authorities of a site plan ("***Site Plan***") allowing the construction, use and development of the Premises for Ground Lessee's Permitted Use that is acceptable to Ground Lessee ("***Site Plan Approval***");

b) Zoning. Confirmation that the Premises is zoned to allow Ground Lessee's Permitted Use and the development of the Premises based upon the Ground Lessee's Site Plan ("**Zoning Confirmation**"), or, if necessary, completion of a rezoning (beyond any appeal periods) for the Premises to a zoning classification consistent with, and to enable Ground Lessee to develop the Premises for, and otherwise subject to terms and conditions acceptable to Ground Lessee (a "**Rezoning**"); and

c) Other Permits and Approvals. Other reasonably necessary permits and approvals for the construction of the Improvements, including (i) any necessary permits or approvals from the U.S. Army Corps of Engineers to allow for Ground Lessee's intended use of the Premises, (ii) any necessary permits or approvals from the North Carolina Department of Transportation to allow for Ground Lessee's Permitted Use and to construct the Improvements, (iii) any approvals of annexation petitions or similar petitions to incorporate the Premises into a local municipality, (iv) any subdivision approvals reasonably necessary or required by any applicable municipal authority with jurisdiction over the Premises, (v) any water and sewer plan approval (including utility connections), land disturbance/grading plan approval, approval of construction plans and drawings, and approval of other development plans for the development and subdivision improvements consistent with the Ground Lessor's plans to develop the Premises and construct the Improvements, and (vi) any other reasonably necessary land use approvals, land divisions, environmental clearances, or other governmental, agency, or municipal approvals or permits to allow Ground Lessor to develop the Premises and install the Improvements;

In each case, an Approval shall not be deemed to have been obtained unless it is subject only to stipulations and/or conditions acceptable and satisfactory to Ground Lessee in its sole discretion, and all applicable appeal periods have expired without protest being made. Following the expiration of the Inspection Period, Ground Lessee agrees to pursue Ground Lessee's application for the Approvals with reasonable diligence. Ground Lessor shall cooperate with Ground Lessee in connection with Ground Lessee's efforts to obtain the Approvals (including, without limitation, execution of reasonable documents and instruments as shall be necessary or desirable in connection therewith). In the event Ground Lessor fails to execute any reasonable documents or instruments as Ground Lessee deems necessary with respect to the Approvals within five (5) business days after Ground Lessee delivers the same to Ground Lessor, the Approval Period shall be extended by an additional two (2) days for each additional business day it takes Ground Lessor to execute such documents or instruments beyond the initial five (5) business day period.

4.3.2 Consents under Declaration. Ground Lessee shall receive any and all necessary consents and authorizations for Ground Lessee's use of the Premises that may be required under the Declaration, including but not limited to any necessary consents from the Hospital and/or the Hospital Parcel Owner (as defined in the Declaration); provided that the Ground Lessor's approval of the Site Plan pursuant to this Lease shall be deemed the Ground Lessor's approval of the same under the Declaration.

4.3.3 Financing. Ground Lessee shall be able to obtain a firm commitment for a loan, on terms which are reasonably acceptable to Ground Lessee, in order to construct the Improvements on the Premises. Ground Lessee agrees to use commercially reasonable efforts to secure such commitment.

4.4 Satisfaction of Ground Lessee's Conditions. Ground Lessor shall have a period of one hundred eighty (180) days following the end of the Inspection Period in order to satisfy all Ground Lessee Conditions (the "**Approval Period**"), which Approval Period may be extended by thirty (30) days by Ground Lessee upon providing written notice to Ground Lessor prior to the expiration of the Approval Period. In the event that any of the Ground Lessee's Conditions set forth in Section 4.3 are not fully satisfied on or before the expiration of the Approval Period, then Ground Lessor or Ground Lessee (provided, with

respect to Ground Lessee, that Ground Lessee shall have been diligent in its efforts to satisfy the Ground Lessee's Conditions) shall have the right to terminate this Lease by written notice to the other Party on or before the last day of the Approval Period, and upon the date of such termination Ground Lessor and Ground Lessee shall have no further rights or obligations to each other except for those matters which expressly survive termination of this Lease. If all Ground Lessee's Conditions are satisfied before the delivery of any such termination notice, then any termination right pursuant to this Section 4.3 shall be null, void, and of no further force or effect. In addition, if the Rent Commencement Date shall not have occurred prior to the Outside Date, then Ground Lessor shall have the right to terminate this Lease by written notice to Ground Lessee on or after the Outside Date, and upon the date of such termination Ground Lessor and Ground Lessee shall have no further rights or obligations to each other except for those matters which expressly survive termination of this Lease.

ARTICLE V CONSTRUCTION IMPROVEMENTS

5.1 Ground Lessor's Work. Except as expressly set forth herein, (i) Ground Lessor shall deliver the Premises to Ground Lessee in its as-is, where-is, current condition, (ii) Ground Lessor shall have no obligation to perform any work, supply any materials, incur any expense or make any other alterations or improvements to prepare the Premises for Ground Lessee. Ground Lessor shall deliver the Premises to Ground Lessee in compliance with all applicable laws, orders, judgments, ordinances, regulations, codes, directives, permits, licenses, covenants and restrictions now or hereafter applicable to the Premises.

5.2 Ground Lessee's Work. Following the Lease Commencement Date, Ground Lessee may, at Ground Lessee's sole cost and expense, and subject to the provisions of this Lease and Ground Lessor's approval, which shall not be unreasonably withheld, conditioned or delayed, construct Improvements on the Premises, including without limitation Improvements related to a medical office building to lease to potential subtenants, and/or all site work, construction of buildings, lighting, parking lots, connecting all applicable utilities, payment of any connection fees and/or tap fees, landscaping, and applicable signage. Ground Lessee shall commence construction on the Improvements within one hundred twenty (120) days of the expiration of the Approval Period (the "***Construction Commencement Period***"). All of the Improvements to be performed by Ground Lessee shall be performed in a good, workman-like manner, and in compliance with all applicable governmental rules, codes, orders, licenses, zoning, safety and building requirements. Ground Lessee is responsible for and shall obtain all necessary municipal and building permits for Ground Lessee's use and construction of the Premises, and shall obtain a certificate of occupancy, if necessary, prior to occupying and operating any business in the Premises.

5.3 Ground Lessee's Right to Build – General Conditions: Ground Lessee shall have the right, subject to the terms and conditions of this Lease, during the Term to construct, maintain, alter, remodel, reconstruct and obtain financing for any Improvements desired by Ground Lessee, subject to the provisions of this Lease and the following conditions:

5.3.1 Plans and Specifications. Ground Lessee agrees to submit its proposed Site Plan, with related construction plans and specifications, to Ground Lessor for Ground Lessor's review and approval, which approval shall not be unreasonably withheld, delayed, or conditioned. Ground Lessor shall have fifteen (15) days after receipt of the Site Plan in which to review the Site Plan and to give Ground Lessee notice of Ground Lessor's approval of the Site Plan (which approval shall not be unreasonably withheld, conditioned or delayed) or its requested reasonable changes to the Site Plan; provided, that, upon notice to Ground Lessee, Ground Lessor may extend such fifteen (15) day period for an additional ten (10) days. If Ground Lessor fails to respond within said fifteen (15) day period, or by the end of the ten (10) day extension if exercised, Ground Lessor shall be deemed to have approved the Site Plan as submitted. If Ground Lessor requests any changes to the Site Plan, Ground Lessee shall make such changes and shall,

within ten (10) days of its receipt of Ground Lessor's requested changes (if any), submit a revised Site Plan to Ground Lessor. Ground Lessor shall have ten (10) days after receipt of the revised Site Plan in which to review said revised Site Plan and in which to give to Ground Lessee written notice of its approval of the revised Site Plan (which approval shall not be unreasonably withheld, conditioned or delayed) or its requested reasonable changes thereto. If Ground Lessor fails to respond within said five (5) day period, Ground Lessor shall be deemed to have approved the revised Site Plan as submitted. This process shall continue until such time, if at all, that Ground Lessor approves (or is deemed to have approved) the Site Plan in accordance with this paragraph. Ground Lessee shall at all times in its preparation of the Site Plan, and of any revisions thereto, act reasonably and in good faith. Ground Lessor shall at all times in its review of the Site Plan, and any revisions thereto, act reasonably and in good faith. All building inspections and construction permitting shall be under the jurisdiction of the local municipal inspections authority. All proposed Site Plans shall be directed to the County Manager or his or her designee, for review and approval. Furthermore, any deadlines or timelines under this Lease for Ground Lessee to complete construction of the Improvements shall be extended by one (1) day for each one (1) day that Ground Lessor's fails to timely respond, as the tenant, to any proposed plans and specifications for construction of the premises under the Health Department Lease.

5.3.2 Standard of Construction of Infrastructure. The Ground Lessee, at Ground Lessee's expense, shall cause all Improvements to be constructed in accordance with the construction plans and specifications and in a good and workmanlike manner in strict compliance with applicable laws and regulations, including but not limited to environmental and construction permits and such Improvements shall when complete be and continue to be in conformity with all applicable laws, including, but not limited to, all applicable building codes. All regulatory fees (including acreage fees, development fees, tap fees, and the like) solely applicable to the Premises levied by governmental authorities shall be paid by the Ground Lessee. Except as otherwise provided in this Lease, the Ground Lessee shall be responsible for the installation of all roads, driveways, and utilities required to serve the Premises.

5.4 Utilities and Construction Easements. Ground Lessee shall have the right to use any and all of the existing appurtenances and easements benefiting the Premises, to the extent County has the right to grant a tenant such as Ground Lessee the use and enjoyment thereof. Upon reasonable request by Ground Lessee and in the event additional easements or appurtenances are reasonably necessary for Ground Lessee's installation of Improvements or use of the Premises, Ground Lessor shall, at no cost to Ground Lessor, grant utility easements across the Land in favor of the utility companies for utilities required to serve the Premises in locations and pursuant to terms reasonably required by Ground Lessee, subject to Ground Lessor's reasonable approval of the locations and agreements or instruments necessary to effect the easements, which approval shall not be unreasonably withheld, conditioned or delayed. Ground Lessee assumes full and complete responsibility for (i) locating the utilities within the portion of the easements located within the Land, (ii) coordinating the utility location, installation, and connection with existing utilities, and (iii) paying all costs and expenses and locating, installing, and connecting same.

5.5 Signs. To the extent consistent with applicable law and the Declaration (about which no representations or warranties are given from or by Ground Lessor), Ground Lessee shall have the right, subject to Ground Lessor's reasonable approval, to (a) erect, install, maintain and operate the building signage (including, without limitation, any building, pylon, monument and/or directional signage) as it may deem reasonably necessary and (b) to install temporary professionally prepared banners such as "Coming Soon." Any such signage installed by Ground Lessee must comply with all applicable governmental and municipal laws, codes, regulations and ordinances.

5.6 Ground Lessee's Ownership of Improvements and Fixtures. Subject to the terms of Sections 2.4 and 5.7 hereof, it is expressly understood and agreed that the Improvements and fixtures constructed, placed or maintained upon any part of the Premises, except for any utilities, parking lots, or

other infrastructure dedicated or conveyed (with Ground Lessor's written joinder) to, and accepted by, applicable utility companies or other governmental units, shall be and remain the property of Ground Lessee during the Term.

5.7 Expiration of Term: At the expiration of the Term, Ground Lessor shall have the right to take possession of the Improvements on the Premises at no cost to Ground Lessor.

ARTICLE VI

GROUND LESSOR'S COVENANTS

6.1 Ground Lessor's Obligations. Ground Lessor represents, warrants and makes the following covenants and assurances to the Ground Lessee:

6.1.1 Assistance of Ground Lessor. The Ground Lessor shall act reasonably to cooperate with the Ground Lessee in executing such documents and instruments, as shall be required by governmental agencies to construct the Improvements, and to obtain the licenses and permits required by applicable law in accordance with the permitted use thereof. If necessary, Ground Lessor shall join, but without incurring any liability or expense, in the application for any such permits, licenses, or authorizations to the extent such action may be legally required by applicable laws and shall acknowledge to issuing governmental authorities the existence of this Lease and the respective obligations of the parties under this Lease as may be necessary for the issuance of such permits, licenses, or authorizations. Furthermore, Ground Lessor shall not unreasonably delay or withhold its consent or response to the proposed Site Plan or any proposed amendments to the Site Plan. Any request for the Ground Lessor to offer its consent under this Lease shall be directed to the County Manager, or his or her designee.

6.1.2 Quiet Enjoyment. The Ground Lessor covenants and agrees with the Ground Lessee that so long as Ground Lessee is not in default hereunder beyond any applicable notice and cure periods set forth herein, the Ground Lessee may peaceably and quietly enjoy the Premises subject, nevertheless, to the terms and conditions of this Lease, and the Ground Lessee's possession will not be disturbed by anyone claiming by, through, or under the Ground Lessor.

6.1.3 Unrecorded Agreements. To Ground Lessor's actual knowledge, there are no unrecorded agreements, encumbrances, liens, covenants or other documents entered into by Ground Lessor in effect that would limit Ground Lessee's rights under the Lease or increase its obligations thereunder and Ground Lessor will not enter into any such agreements that do so following the Effective Date of this Lease.

6.1.4 No Other Leases. As of the Lease Commencement Date there shall be no leases, oral or written, except for this Lease between Ground Lessor and Ground Lessee, concerning the Premises.

6.1.5 Condemnation Proceedings. Ground Lessor has no actual knowledge of (i) condemnation(s) affecting or contemplated with respect to the Premises; (ii) actions, suits or proceedings pending or threatened against the Premises; (iii) changes contemplated in any applicable laws, ordinances or restrictions affecting the Premises; or (iv) no claims, causes of action or other litigation or proceedings pending or, to County's actual knowledge, threatened with respect to the ownership, operation or environmental condition of the Premises or any part of it.

6.2 Title to Land. As of the Lease Commencement Date, Ground Lessor will have good and marketable fee simple title to the Land and any existing Improvements, free and clear of all liens, encumbrances and other matters other than applicable covenants, restrictions, deeds of trust, easements, conditions, zoning regulations, and other matters of public record as of the Effective Date that are shown in Ground Lessee's leasehold title policy.

6.3 Authority. Ground Lessor has or will obtain all necessary consents and authorizations under the Declaration to allow Ground Lessee to construct the Improvements on the Premises for the Permitted Use.

ARTICLE VII GROUND LESSEE'S COVENANTS

7.1 Payments by Ground Lessee. The Ground Lessee agrees to timely pay all Base Rent and other sums due to the Ground Lessor at the times and in the manner herein provided.

7.2 Assistance of Ground Lessee. Ground Lessee shall act reasonably and cooperate with Ground Lessor in executing such documents and instruments as necessary during the Term of this Lease, including documents as shall be required by governmental agencies to submit and approve the Site Plan for the Premises. Furthermore, Ground Lessee shall not unreasonably delay its consent or response to any proposed amendments to the Site Plan.

7.3 Licensing of Premises. The Ground Lessee shall obtain all licenses and permits, and comply with all statutes, laws and regulations for the construction of the Improvements at the Premises.

7.4 Repairs, Maintenance and Care of the Premises. From and after the Lease Commencement Date, Ground Lessee shall maintain the Premises in a clean, attractive condition, and not commit or allow any waste or damage to be committed on or to any portion of the Land, ordinary wear and tear accepted. All maintenance and repair of the Premises and the Improvements shall be the responsibility of the Ground Lessee and, notwithstanding anything to the contrary in this Lease, Ground Lessor shall have no maintenance or repair responsibilities with respect to the Premises after the Lease Commencement Date. Except as otherwise set forth in this Lease, Ground Lessee will promptly repair any damage to the Premises or Improvements with the exception of any damage caused by the negligence or willful misconduct of Ground Lessor or its agents and contractors.

7.5 Alterations, Additions, Improvements. Ground Lessee may make any improvements, modifications, alterations, or additions to the Improvements and/or the Premises (collectively, "**Alterations**"), with Ground Lessor's consent or approval, which consent shall not be unreasonably withheld, conditioned, or delayed. All Alterations shall: (i) be completed in a good and workmanlike manner; (ii) conform to all applicable laws as amended from time to time; and (iii) be timely paid for in full by Ground Lessee. Any Alterations attached to or affixed to the Premises shall become the property of Ground Lessor at the termination of this Lease, without payment or compensation, except as otherwise provided in this Lease.

7.6 Compliance with Laws. Except as otherwise required of Ground Lessor under this Lease, Ground Lessee, at the Ground Lessee's expense, shall comply with all Federal, State, municipal and other laws, regulations, and ordinances, including environmental remediation standards, applicable to the construction, use and occupancy of the Premises, including license and permit requirements, and will not commit or permit waste in respect to the Premises. Except as otherwise required of Ground Lessor under this Lease, Ground Lessee agrees to comply with all applicable environmental laws in its construction, management and ownership of the entire Premises.

7.7 Prohibition of Liens on Fee or Leasehold Interest: Ground Lessee shall not suffer or permit any mechanics' liens or other liens to be filed against the fee of the Premises or against Ground Lessee's leasehold interest in the Premises nor against the Improvements on the Premises by reason of any work, labor, services, or materials supplied or claimed to have been supplied to Ground Lessee or anyone holding the Premises or any part thereof through or under Ground Lessee. If any such mechanics' liens or

materialmen's lien or other lien shall be recorded against the Premises or any Improvements thereof, or against Ground Lessee's leasehold interest, Ground Lessee shall cause the same to be removed or, and in the alternative, if Ground Lessee in good faith desires to contest the same, Ground Lessee shall be permitted to do so, so long as such lien is removed or bonded over in accordance with Section 9.1.4 hereof, but in either case Ground Lessee hereby agrees to indemnify, defend, and save harmless Ground Lessor for all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure upon said lien, cause the same to be discharged and removed prior to the execution of such judgment.

ARTICLE VIII INDEMNITY AND INSURANCE

8.1 Indemnity. Except to the extent caused by or resulting from Ground Lessor's gross negligence or willful misconduct, Ground Lessee agrees to indemnify and save harmless Ground Lessor from and against any and all liability, losses, claims, suits, demands, actions, causes of action, expenses, fines, and damages for personal injury (including death) and/or property damage to whomsoever or whatsoever occurring, arising from, or growing out of, directly or indirectly the use or occupancy or manner of use or occupancy of the Premises by Ground Lessee or any person claiming under Ground Lessee. If any action or proceeding is brought against Ground Lessor by reason of any such claim, Ground Lessee, upon notice from Ground Lessor, will defend the claim at Ground Lessee's sole expense with counsel mutually satisfactory to Ground Lessor and Ground Lessee.

To the extent permitted by applicable law, except to the extent caused by or resulting from Ground Lessee's acts or omissions, Ground Lessor agrees to indemnify and save harmless Ground Lessee from and against any and all liability, losses, claims, suits, demands, actions, causes of action, expenses, fines, and damages for personal injury (including death) and/or property damage to whomsoever or whatsoever occurring, arising from, or growing out of, directly or indirectly the negligence of Ground Lessor or Ground Lessor's agents or employees, Ground Lessor's default under this Lease, or any representation and warranty by Ground Lessor in Article VI that is untrue. If any action or proceeding is brought against Ground Lessee by reason of any such claim, Ground Lessor, upon notice from Ground Lessee, will defend the claim at Ground Lessor's sole expense with counsel mutually satisfactory to Ground Lessee and Ground Lessor.

8.2 Subordinate and Subject to Leasehold Permitted Mortgage. Notwithstanding anything to the contrary contained herein, the terms and conditions of the Lease with respect to any proceeds from property insurance, condemnation proceeds and other loss proceeds, specifically including the use, application and disbursement thereof, except for any condemnation proceeds not affecting the Improvements to be constructed on the Premises, are subject and subordinate to any leasehold Deed of Trust or Permitted Mortgage, and/or related leasehold loan documents and the rights of the Permitted Mortgagee (all defined in Section 10.1, below) thereunder. To the extent the terms of this Lease with respect to proceeds from property insurance, condemnation awards and loss proceeds are inconsistent with the terms of any Permitted Mortgagee's loan documents, the terms of the leasehold Permitted Mortgage and loan documents shall govern and control. Further, Ground Lessee's obligation to perform any restoration shall be subject to any Permitted Mortgagee making sufficient loss proceeds available therefor.

8.3 Subrogation. The Ground Lessor and the Ground Lessee waive any and all rights of recovery, claims, actions, or causes of action against the other, its agents, officers, and employees for any injury, death, loss, or damage that may occur to persons or the Premises, or any personal property of such Party, by reason of fire, the elements, or any other cause which is insured against under the terms of the policies of insurance maintained by the Ground Lessor or the Ground Lessee or that the Ground Lessor or Ground Lessee is required to provide or maintain hereunder, regardless of cause or origin, including negligence by the other Party, its agents, officers, or employees.

8.4 Ground Lessee's Insurance. At all times during the Term, the Ground Lessee shall carry and maintain or cause to be carried or maintained, at Ground Lessee's sole cost and expense, the following insurance in the amounts specified below:

8.4.1 Property Insurance. Special form property insurance, including fire and extended coverage insurance, covering all Improvements in the Premises, in an amount not less than the full replacement cost without deduction for depreciation from time to time during the Term, providing protection against all perils included within the classification of all-risk, extended coverage.

8.4.2 Commercial General Liability. Commercial general liability insurance with combined single limits of coverage in the amount of One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate, which coverage may be obtained through a combination of commercial general liability insurance and/or umbrella coverage.

8.5 Forms of Policies. Ground Lessee shall provide Ground Lessor, upon Ground Lessor's request and from time to time, certificates of insurance that the evidence the insurance required by Ground Lessee under this Lease. All such policies maintained by Ground Lessee shall be purchased only from reputable insurers who are licensed to do business in the State of North Carolina and comply with the requirements thereof. The commercial general liability insurance policy required under this Article VIII shall name Ground Lessor and any Ground Lessor mortgagee, if any as an additional insured.

8.6 Adequacy of Coverage. The Ground Lessor, its agents and employees make no representation that the limits of liability specified to be carried by the Ground Lessee pursuant to this Article VIII are adequate to protect the Ground Lessee. If the Ground Lessee believes that any of such insurance coverage is inadequate, the Ground Lessee will obtain, at the Ground Lessee's sole expense, such additional insurance coverage, as the Ground Lessee deems adequate.

ARTICLE IX DEFAULT

9.1 Ground Lessee Default. Each of the following occurrences relative to the Ground Lessee shall constitute an "*Event of Default*":

9.1.1 Failure or refusal by the Ground Lessee to make the timely payment of Base Rent or other sums payable under this Lease to Ground Lessor when and as the same shall become due and payable, and such failure or refusal shall continue for a period of ten (10) days after Ground Lessee's receipt of written notice from Ground Lessor of such failure or refusal;

9.1.2 Failure by the Ground Lessee in the performance or compliance with any of the agreements, terms, covenants or conditions under this Lease applicable to the Ground Lessee under this Lease, which failure continues for a period of thirty (30) days (or such additional time as is reasonably required to correct any such default) after Ground Lessee's receipt of written notice from Ground Lessor to the Ground Lessee properly specifying wherein the Ground Lessee has failed to perform any such obligation;

9.1.3 Ground Lessee shall become bankrupt or insolvent, or file any debtor proceedings, or file in any court pursuant to any statute, either of the United States or of any state a petition in bankruptcy or insolvency or for reorganization, or file or have filed against it a petition for the appointment of a receiver or trustee for all or substantially all of the assets of Ground Lessee, and such appointment shall not be vacated or set aside within one hundred eighty (180) days from the date of such appointment;

9.1.4 A mechanics, laborer, or supplier's lien or claim of lien is filed against the Premises by reason of any work, labor, services, or materials supplied or claimed to have been supplied to Ground Lessee or anyone holding the Premises or any part thereof through or under Ground Lessee, and within sixty (60) days of filing of such lien or claim Ground Lessee shall not have caused such lien or claim for lien released of record;

9.1.5 Ground Lessee shall vacate or abandon the Premises, or fail to occupy the Premises or any substantial portion thereof for a period of thirty (30) days;

9.1.6 Ground Lessee shall assign or sublet all or a portion of the Premises in contravention of the provisions of this Lease.

9.1.7 Ground Lessee shall take any act or fail to take any action which constitutes an event of default under the Health Department Lease (subject in all respects to any grace or cure period as provided in the Health Department Lease);

9.1.8 Ground Lessee makes an assignment for the benefit of creditors, or petitions for or enters into an arrangement, or if a receiver, guardian, conservator, trustee, or other similar officer is appointed to take charge of all or any substantial part of Ground Lessee's property by a court of competent jurisdiction; or

9.1.9 Ground Lessee suffers this Lease to be taken under any writ of execution and such writ is not vacated or set aside within sixty (60) days.

9.2 Ground Lessor Remedies. In addition to Ground Lessor's termination right provided for under Section 3.1 hereof, if and whenever any Event of Default shall occur, the Ground Lessor may, at the Ground Lessor's option and without order of any court or further written notice to the Ground Lessee, in addition to all other remedies given hereunder or by the law or equity and without limiting in any manner whatsoever any other options available, do any one or more of the following:

9.2.1 Terminate the right of Ground Lessee to possession of the Premises without terminating this Lease by giving written notice to Ground Lessee that Ground Lessee's right to possession shall end on the date stated in such notice, whereupon the right of Ground Lessee to possession of the Premises or any part thereof shall cease on the date stated in such notice;

9.2.2 Terminate this Lease by giving to Ground Lessee written notice of Ground Lessor's election to do so, in which event the Term shall end, and all right, title and interest of Ground Lessee hereunder shall expire, on the date stated in such notice;

9.2.3 Terminate this Lease in accordance with Section 9.2.2 above and terminate the Health Department Lease;

9.2.4 Ground Lessor, without obligation to do so and without thereby waiving such Event of Default, may make any such payment, perform such obligation, and/or remedy such other Event of Default for the account of the Ground Lessee (and enter the Premises for such purpose), and the Ground Lessee shall pay upon demand all actual and reasonable costs, expenses and disbursements (including reasonable attorney's fees) incurred by the Ground Lessor in taking such remedial action; or

9.2.5 Pursue any other remedy available at law, or in equity.

9.3 Ground Lessor Default. The Ground Lessor shall in no event be in default in the performance of any of the Ground Lessor's obligations hereunder unless and until the Ground Lessor shall have failed to perform such obligations within thirty (30) days (or such additional time as is reasonably required to correct any such default) after written notice by the Ground Lessee to the Ground Lessor properly specifying wherein the Ground Lessor has failed to perform any such obligation. If the Ground Lessor fails to perform any of its obligations or covenants under this Lease, the Ground Lessee shall be entitled to enforce any one or more of the following rights and remedies: (a) institute an action against the Ground Lessor as the Ground Lessee may deem necessary to compel performance hereunder or cease activities constituting the defaults by Ground Lessor hereunder; (b) exercise all other rights and remedies available to the Ground Lessee under this Lease or otherwise available to the Ground Lessee at law or in equity as a consequence of the Ground Lessor's default, except for the withholding of Base Rent, and/or (c) Ground Lessee shall have the right (but not the obligation) to perform Ground Lessor's obligation, and pursue an action against Ground Lessor in order to reimburse Ground Lessee for Ground Lessee's actual and direct costs of such performance. Ground Lessee shall also have all other rights and remedies available at law or in equity, including but not limited to injunctive relief.

9.4 Legal Fees. Notwithstanding anything herein to the contrary, should either Ground Lessor or Ground Lessee institute legal proceedings against the other for breach of any provisions of this Lease, the prevailing Party shall be entitled to collect the costs and expenses of the proceedings, including its reasonable attorney fees. In the event of a compromise settlement as between the parties, whether before, during, or after the filing of any lawsuit, each Party shall bear its own costs and expenses, unless otherwise provided in the terms of such settlement.

9.5 Multiple Defaults, Loss of Option Rights. Notwithstanding anything contained herein to the contrary, Ground Lessee acknowledges that any rights or options of first refusal set forth in **Exhibit A** or **Exhibit B** or other similar rights or options which have been granted to Ground Lessee under this Lease are conditioned upon the prompt and diligent performance of the terms of this Lease by Ground Lessee. Accordingly, should Ground Lessee default under this Lease beyond any applicable notice and cure period on two (2) or more occasions during any twelve (12)-month period, in addition to all other remedies available to Ground Lessor, all such rights and options shall automatically, and without further action on the part of any Party, expire and be of no further force and effect.

ARTICLE X

PERMITTED MORTGAGE

10.1 Permitted Mortgagee. The Ground Lessee has the right to grant a security interest to Ground Lessee's lenders (including its successors and assigns, the "***Permitted Mortgagee***") a leasehold deed of trust, security agreement and/or collateral assignment of Ground Lessee's rights in this Lease (the "***Deed of Trust***" or "***Permitted Mortgage***") for the purpose of securing repayment of the advance of funds to and loans provided to Ground Lessee by its lenders with respect to Ground Lessee's use of the Premises and/or Ground Lessee's construction of the Improvements on the Premises.

10.2 Ground Lessor Protective Provisions. Every Permitted Mortgagee to whom the Ground Lessee grants a Permitted Mortgage upon the Ground Lessee's leasehold estate in the Premises and Improvements must expressly agree that, subject to the rights of the Permitted Mortgagee provided by this Lease:

10.2.1 The Permitted Mortgagee shall not exercise any of its remedies for any default or defaults of the Ground Lessee under the Deed of Trust, without first providing the Ground Lessor with notice in the manner required herein;

10.2.2 Such Permitted Mortgagee will accept a cure by the Ground Lessor of any such default under the Deed of Trust which is capable of being cured, except the Ground Lessor shall not be required to cure any such default and the Ground Lessor shall have a cure period that will commence upon notice to the Ground Lessor of such default and will be equal in length to the applicable cure period, if any, as provided to the Ground Lessee; and

10.2.3 All payments so made and all things so done or performed by the Ground Lessor will be as effective to prevent an acceleration of the maturity of the indebtedness secured by the Deed of Trust, the foreclosure of any liens securing payment of such indebtedness, or the exercise of any other remedies by such Permitted Mortgagee upon default by the Ground Lessee thereunder, as the same would have been if paid, done or performed by the Ground Lessee instead of the Ground Lessor. The Ground Lessor will not be or become liable to any such Permitted Mortgagee as a result of the right and option to cure any such default or defaults by the Ground Lessee.

10.3 Permitted Mortgagee Protective Provisions. So long as any such Permitted Mortgage shall remain unsatisfied of record, or until written notice of satisfaction is given by Permitted Mortgagee to Ground Lessor, and so long as Ground Lessor shall have received notice of such Permitted Mortgagee's lien on the Premises, the following provisions shall apply:

10.3.1 Except as set forth with respect to an Event of Default by Ground Lessee under this Lease for which the Permitted Mortgagee has not exercised any of its rights as set forth herein and under the Permitted Mortgage, there shall be no cancellation, surrender, or modification of this Lease without prior consent in writing of the Permitted Mortgagee;

10.3.2 While such Permitted Mortgage remains unsatisfied of record, Ground Lessor shall simultaneously serve upon Permitted Mortgagee a copy of any notice of default or other notice under this Lease served upon Ground Lessee. If any default occurs that, pursuant to this Lease, entitles Ground Lessor to terminate this Lease, and if, before the expiration of thirty (30) days from the date of service of this notice of termination upon such Permitted Mortgagee, such Permitted Mortgagee notifies Ground Lessor in writing of its desire to nullify such notice, pays to Ground Lessor all rent, fees, and other payments herein provided for and then in default, and prosecutes the same with reasonable diligence to completion, then Ground Lessor shall not be entitled to terminate this Lease and any notice of termination theretofore given shall be void and of no force or effect. In no event shall this Lease be terminated because of any default by Ground Lessee which is not susceptible of being cured by the Permitted Mortgagee or its assignee, so long as the following covenants of this Lease are being complied with (the "**Required Covenants**"): (i) rents and other payments to be made by Ground Lessee under this Lease are made current, (ii) the Premises and Improvements are maintained in good repair, (iii) the Premises and Improvements are in compliance with all applicable laws, codes, and regulations, (iv) no liens other than that of the Permitted Mortgage against the Premises or the Improvements remain uncanceled, (v) all insurance policies to be carried by Ground Lessee remain in full force and effect, and (vi) the covenants and conditions of this Lease that are susceptible of being complied with by Permitted Mortgagee are being complied with by Permitted Mortgagee or its assignee.

10.3.3 In case of a default by Ground Lessee under this Lease, as to which notice has been given as provided herein, remains uncured after the time within which the same may be cured under this Lease, and notice of termination is given as above provided, and the Permitted Mortgagee or its assignee gives written notice to Ground Lessor of its desire to nullify such notice and take steps required above to cure and thereby render the notice of termination void and of no effect, such Permitted Mortgagee or its assignee shall be entitled, at its option and upon notice to Ground Lessor, within fifteen (15) days after the date of such written notice from Permitted Mortgagee to Ground Lessor, and upon satisfaction of all Required Covenants, to be substituted for and treated as Ground Lessee for the full remainder of the Term,

and upon such substitution, the Permitted Mortgagee shall be bound hereby. In such event, all right, title and interest of Ground Lessee shall be terminated and ended, and at Permitted Mortgagee's election, the parties shall execute and record a memorandum of lease evidencing the same, provided however, Ground Lessee shall not be released of any of its liability under this Lease prior to the substitution.

10.3.4 The name of the Permitted Mortgagee may be added to the "loss payable endorsement" of any and all insurance policies required to be carried by Ground Lessee under this Lease, and Permitted Mortgagee shall be added to such policies as mortgagee as its interest may appear; provided, Permitted Mortgagee shall expressly provide that all insurance proceeds are to be applied in accordance with this Lease.

10.3.5 No Permitted Mortgagee, lender, or holder of any security instrument shall have the right to assign its rights under this Lease without the prior written consent of Ground Lessor, which consent shall not be unreasonably withheld, conditioned or delayed.; provided, however, Ground Lessor acknowledges that Permitted Mortgagee may require a collateral assignment of Ground Lessee's rights under this Lease as security for any financing to be provided for the Improvements.

10.3.6 The Permitted Mortgagee or any other person succeeding to the interests of the Ground Lessee through a foreclosure will be subject to all of the terms and conditions of this Lease except as otherwise expressly provided in this Lease. Foreclosure for purposes of this Lease shall include a conveyance in lieu of foreclosure.

10.3.7 If a Permitted Mortgagee should foreclose its Permitted Mortgage and should, as a result of such foreclosure, succeed to any of the rights of the Ground Lessee hereunder, then such Permitted Mortgagee shall be subject to all the terms and conditions of this Lease and shall be entitled to all the rights and benefits of this Lease; provided, however, that (1) such Permitted Mortgagee shall not be liable for any act or omission of the Ground Lessee unless of a continuing nature which continues following the foreclosure; (2) such Permitted Mortgagee shall not be subject to any offsets or defenses which Ground Lessor has, or might have, against the Ground Lessee except as it relates to any default of a continuing nature which continues following the foreclosure; (3) such Permitted Mortgagee shall not be bound by any material amendment, modification, surrender or waiver of the terms of this Lease that imposes additional and material obligations on Ground Lessee made without the prior written consent of such Permitted Mortgagee (which consent shall not be unreasonably withheld or delayed); (4) such Permitted Mortgagee shall have the obligation to pay all Base Rent; and (5) upon the written request of such Permitted Mortgagee, the Ground Lessor shall reaffirm, in writing, the validity of this Lease, and that this Lease is in full force and effect.

10.3.8 Ground Lessor shall, upon request, execute, acknowledge and deliver to each Permitted Mortgagee a written statement within ten (10) days of the request therefore certifying as follows: (i) that this Lease is unmodified and in full force and effect (or, if there has been a modification, stating the nature thereof and that the Lease is in full force and effect as modified); (ii) that to the best of the Ground Lessor's knowledge, there are no uncured defaults on the part of the Ground Lessee (or, if any such defaults exist, the special nature and extent thereof); and (iii) such other commercially reasonable matters that are customarily contained in a landlord estoppel.

10.4 Insurance Proceeds. Any Permitted Mortgage shall provide that, in the event that (i) proceeds from any property/casualty insurance policy(ies) ("**Property Insurance Proceeds**"), together with any additional funds which the Ground Lessee and/or the Ground Lessor are willing to contribute, are sufficient to repair and/or replace damage following a fire or other casualty, and (ii) proceeds from any rental interruption insurance (or similar insurance), together with any net available revenues from the Premises or other funds which are or will be available and/or which the Ground Lessee and/or the Ground

Lessor are willing to contribute, are sufficient to satisfy all Permitted Mortgage Requirements during the period of repair and/or replacement, the Property Insurance Proceeds held by the Permitted Mortgagee, if any, shall be made available by the Permitted Mortgagee for such repair and/or replacement. The determination of whether any such proceeds and/or other funds are sufficient for purpose of the immediately preceding sentence shall be made by an independent third party certified public accountant at the Ground Lessee's expense. "***Permitted Mortgage Requirements***" means with respect to any period, the aggregate of: (i) principal, redemption premium and interest to become currently payable during such period; (ii) administrative expenses and fiduciary fees to become payable during such period; (iii) required deposits to reserve accounts required to be made during such period; and (iv) penalties or make-whole amounts required to be funded during such period, in each case as provided by each such Permitted Mortgagee.

10.5 **Ground Lessor Mortgagee.** The Ground Lessor shall not enter into any loan, mortgage, or granting of a security interest for the Land and the Premises without Ground Lessee's consent, which consent shall not be unreasonably withheld, conditioned, or delayed.

ARTICLE XI

SUBORDINATION AND ESTOPPEL CERTIFICATES

11.1 **Subordination and Attornment.** This Lease shall be subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Premises, and to any renewals, modifications, refinancings and extensions thereof (but Ground Lessee agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease) and Ground Lessee shall attorn to any purchaser of the Land or to the holder of any such mortgage or deed of trust in the event that any of the same succeed to the Ground Lessor's interest under this Lease, provided that Ground Lessee and any applicable lender of Ground Lessor enter into a commercially reasonable subordination, non-disturbance, and attornment agreement pursuant to which the holder of the deed of trust or mortgage agrees to recognize the rights of Ground Lessee under the Lease and accepts Ground Lessee as a tenant of the Premises under the terms and conditions of this Lease, and Ground Lessee agrees to recognize the holder of the deed of trust or mortgage as Ground Lessor in such event and shall attorn to the holder of any such mortgage or deed of trust or any purchaser of the Premises, in the event of acquisition of title by through foreclosure proceedings or otherwise. Ground Lessee agrees within twenty (20) days after written demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Ground Lessor may request, provided in each case that the same is reasonably acceptable to Ground Lessee.

11.2 **Estoppel Certificates.** Within twenty (20) days after written request, Ground Lessee or Ground Lessor, as applicable, shall deliver to the requesting Party a written estoppel certificate, in form supplied by or reasonably acceptable to the non-requesting Party, certifying any facts that are then true with respect to this Lease, including that this Lease is in full force and effect, that no default exists on the part of Ground Lessor or Ground Lessee, that Ground Lessee is in possession of the Premises, that Ground Lessee has commenced the payment of rent, and that neither Ground Lessee nor Ground Lessor claims any defenses or offsets with respect to this Lease.

ARTICLE XII

CASUALTY AND CONDEMNATION

12.1 Casualty.

If at any time during the Term the Improvements now or hereafter on the Premises are destroyed by fire, theft, the elements, or any other cause (a "***Casualty***"), then Ground Lessee shall have the option of terminating this Lease if (a) the Premises is rendered wholly untenable; (b) the Premises is damaged in

whole or in part as a result of a risk which is not covered by Ground Lessee's insurance policies; (c) Ground Lessee's lender does not permit a sufficient amount of the insurance proceeds to be used for restoration purposes; (d) the Premises is damaged in whole or in part during the last seven (7) years of the Term; or (e) the Improvements are damaged to an extent of thirty-three percent (33%) or more of the fair market value thereof. If Ground Lessee elects to terminate this Lease pursuant to this Section 12.1, Ground Lessee shall provide notice of the termination to Ground Lessor within one hundred twenty (120) days after date of the casualty, and shall (unless waived by the Ground Lessor in its sole discretion) either repair the Improvements or raze the building improvements and remove all debris from the Premises prior to surrendering the Premises to Ground Lessor, and upon such termination date, the parties hereto shall have no further rights or obligations hereunder, except as may expressly be set forth in this Lease.

In the event that Ground Lessee does not terminate the Lease as provided in this Section 12.1, then this Lease shall continue in full force and effect and Ground Lessee, at Ground Lessee's own cost and expense, shall be solely responsible, at Ground Lessee's option, to repair and restore the damaged Improvements except as otherwise herein specifically provided. Any work of repair or restoration shall be done in compliance with all applicable laws, rules, and regulations. In the event of a casualty, all insurance proceeds payable with respect to such casualty shall be paid over to Ground Lessee in order to repair and restore the Premises, but subject and subordinate to the rights of any Permitted Mortgagee or leasehold Permitted Mortgage, as set forth in Section 8.2.

12.2 Condemnation: In the event the Premises or any part thereof shall be taken for public purposes by condemnation (or by deed in lieu thereof) as a result of any action or proceeding in eminent domain by any authority other than by Ground Lessor, its successors, or assigns, the interests of Ground Lessor and Ground Lessee in the award or consideration for such transfer and the effect of the taking or transfer upon this Lease shall be as provided by this Section 12.2.

12.2.1 Total Taking – Termination: In the event the entire Premises, or a substantial portion of the Premises such that the remainder is not reasonably and practically usable for Ground Lessee's business purposes, are taken or so transferred, this Lease and all of the right, title and interest thereunder shall cease on the date title to such land so taken or transferred vests in the condemning authority, and the proceeds of such condemnation shall be divided between Ground Lessor and Ground Lessee with the fair market value of the Land paid to Ground Lessor, and the remainder of the proceeds (including, without limitation, the value of all Improvements) paid to Ground Lessee.

12.2.2 Partial Taking - Termination: In the event of a condemnation, taking or transfer of only a portion of the Premises, leaving the remainder of the Premises in such condition, form, shape, or reduced size as not to be reasonably and practicably usable for the operation thereon of Ground Lessee's business in the ordinary course, at Ground Lessee's option, and by giving written notice to Ground Lessor, Ground Lessee may cancel and terminate this Lease, effective as of the date that Ground Lessor receives such termination notice.

12.2.3 If this Lease is not terminated the proceeds of such condemnation shall be divided between Ground Lessor and Ground Lessee with the fair market value of the Land paid to Ground Lessor, and the remainder of the proceeds (including, without limitation, the value of all Improvements) paid to Ground Lessee. Ground Lessee shall have the right to make a separate claim against the condemning authority for compensation that may be separately awarded or recoverable by Ground Lessee for the Improvements, moving expenses, or damage to Ground Lessee's trade fixtures and personal property.

ARTICLE XIII
MISCELLANEOUS

13.1 Environmental Matters.

13.1.1 The Ground Lessee shall not cause or permit Hazardous Material (as hereinafter defined) to be brought upon, kept, or used in or about the Premises by Ground Lessee, its agents, employees, contractors, or invitees, except for any Hazardous Material necessary and commonly used for the operation of the Ground Lessee's (or its agents, tenants, employees, contractors, or invitees) regular business activities of a medical office space, provided that any such Hazardous Materials shall be handled, stored and disposed of in accordance with applicable Federal, state, and local laws, rules, ordinances and/or regulations related to the keeping, use, or disposition of Hazardous Material (collectively, "***Environmental Laws***").

13.1.2 As used herein, the term "***Hazardous Material***" means (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, and the regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation, Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder; (iii) any material or substance regulated by the Toxic Substances Control Act as amended from time to time and regulations promulgated thereunder; (iv) any material or substance regulated by the Federal Insecticide, Fungicide and Rodenticide Act, as amended from time to time, and the regulations promulgated thereunder; (v) any oil, petroleum products, and their by-products; and (vi) any other hazardous, toxic or dangerous material or substance that is or become regulated by any federal, state or local law or regulation.

13.1.3 Ground Lessee shall indemnify Ground Lessor and Ground Lessor's managing agent from any and all claims, losses, liabilities, costs, expenses and damages, including attorneys' fees, costs of testing and remediation costs, incurred by Ground Lessor in connection with any breach by Ground Lessee of its obligations under this Section 13.1. The covenants and obligations under this Section shall survive the expiration or earlier termination of this Lease.

13.1.4 Ground Lessee shall promptly (a) notify Ground Lessor of any violation by Ground Lessee, its employees, agents, tenants, representatives, customers, invitees or contractors of any Environmental Laws on, under or about the Premises and (b) deliver to Ground Lessor any notice received by Ground Lessee relating to (a) above from any source.

13.1.5 Notwithstanding anything to the contrary in this Lease, Ground Lessee shall have no liability of any kind to Ground Lessor as to Hazardous Materials on the Premises caused by (i) Ground Lessor, its agents, employees, contractors, or invitees, or, (ii) any other person or entity located outside of the Premises prior to the Effective Date; *provided, that*, if during the inspection period contemplated by Section 4.1 hereof, Ground Lessee is put on notice that there are Hazardous Materials on the Premises, Ground Lessee shall immediately notify Ground Lessor of the same (a "***Hazardous Materials Notification***"). Excluding any Hazardous Materials that are commonly used in office or medical office spaces and are stored and handled in accordance with applicable Environmental Laws, Ground Lessor shall not authorize or cause any Party (a) to bring any Hazardous Materials upon the Premises in violation of applicable law or (b) to transport, store, use, generate, manufacture or release any Hazardous Materials in or about the Premises in violation of applicable law. To the extent permitted by applicable law, Ground Lessor shall indemnify, defend and hold Ground Lessee harmless from and against any and all claims, causes of action, damages, costs and liabilities arising out of a breach by Ground Lessor of the foregoing obligations. Ground Lessor's indemnification obligations under this Section 13.1.5 shall survive the expiration or earlier termination of this Lease. Provided that Ground Lessee has given the Hazardous

Materials Notification, Ground Lessor shall be responsible for removing any Hazardous Materials brought on to the Premises by Ground Lessor prior to the commencement of construction of the Improvements.

13.2 Time of the Essence. In all instances where the Ground Lessee or Ground Lessor is required hereunder to pay any sum or do any act at a particular indicated time or within an indicated period, it is understood and stipulated that time is of the essence.

13.3 Notice and Payment. Any notice or payment which may or shall be made under the terms of this Lease shall be in writing shall be given (i) by personal delivery, (ii) by nationally recognized overnight express service, or (iii) by registered or certified mail, return receipt requested, to the addresses set forth in Article I. Any notice given in the manner set forth in this Section 13.3 shall be deemed given and delivered, whether or not received (or if delivery is refused), when personally delivered, when delivered to the nationally recognized overnight express service, or three (3) days following the postmark if sent by certified mail, as applicable. Either Party may change its address(es) by written notice to the other Party pursuant to the provisions hereof.

13.4 Short Form Memorandum of Lease. Simultaneously with the execution of this Lease or at any time during the Term of this Lease, the Parties may, at the request of Ground Lessee or Ground Lessor, execute and record a mutually agreeable memorandum of lease, or short form of this Lease, in the form attached hereto as Exhibit C, memorializing the basic terms hereof, in a form which may be recorded in the Chatham County Register of Deeds at the sole cost and expense of Ground Lessee.

13.5 Entire Agreement. This Lease and any written addenda referred to herein and all exhibits hereto expressly referred to herein (which are expressly incorporated herein by this reference) shall constitute the entire agreement between the Ground Lessor and Ground Lessee and no prior written or prior or contemporaneous oral promises or representations shall be binding. This Lease shall not be amended, changed or extended except by written instrument signed by both parties hereto.

13.6 Interpretation; Governing Law. Pronouns, where used herein, of whatever gender, shall include natural persons, corporations, and associations of every kind and character, and the singular shall include the plural and vice versa where and as often as may be appropriate. Article and section headings under this Lease are for convenience of reference and shall not affect the construction or interpretation of this Lease. Whenever the terms “*hereof*,” “*hereby*,” “*herein*,” or words of similar import are used in this Lease, they shall be construed as referring to this Lease in its entirety rather than to a particular section or provision, unless the context specifically indicates to the contrary. Any reference to a particular “*Article*” or “*Section*” shall be construed as referring to the indicated Article or Section of this Lease. Statements herein in respect to compliance with applicable law text of similar import shall be construed to require compliance with applicable law as now or hereafter in effect.

The substantive law of the State of North Carolina shall govern the validity, performance and enforcement of this Lease and this Lease shall be construed pursuant to such laws, without giving effect to conflict of law principles that would result in the application of the laws of a different jurisdiction. The venue for any disputes, claims, or litigation arising from or under this Lease by either Party shall be, exclusively, the North Carolina State or Federal Courts, and Ground Lessor and Ground Lessee irrevocably consent to, submit to, and agree that they are subject to, the jurisdiction of the federal and state courts of the State of North Carolina.

13.7 [Intentionally Deleted].

13.8 Relationship of the Parties. This Lease shall not act to create the relationship of partner or joint venture between the Ground Lessor and Ground Lessee.

13.9 Severability. In the event any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Lease shall be valid and enforceable to full extent permitted by law.

13.10 Construction of Lease; Negotiation by the Parties. The Ground Lessor and Ground Lessee have each had an opportunity through their appointed representatives or otherwise to discuss and negotiate the terms of this Lease and are informed and capable of evaluating the contents thereof. Accordingly, this Lease shall be constructed simply according to its fair meaning and not strictly for or against the Ground Lessor or Ground Lessee whether or not a specific provision thereof was drafted by or on behalf of the Ground Lessor or Ground Lessee, as the case may be.

13.11 Force Majeure. Whenever a period of time is prescribed for action by either Party, such Party will not be responsible for, and there will be excluded from the computation of such period of time, any delays due to any (a) act of God, adverse and inclement weather, fire, explosion, flood, act of a public enemy, war, blockade, insurrection, riot, or civil disturbance, (b) labor dispute, strike, work slowdown or work stoppage, (c) order or judgment of any entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, county, district, municipality, city or otherwise) whether now or hereafter in existence, if not the result of willful or negligent action of the performing Party, (d) adoption of or change in any applicable laws after the date of execution of this Lease, (e) national or global pandemics, including any quarantines or closures ordered by governmental entities or agencies, inability of a vendor, agent, lender, title insurer, attorney, insurance company, utility, or governmental agency whose cooperation is required to perform or provide a necessary service or approval, or any similar impediment related to the national or global pandemic that is outside the reasonable control of the delayed Party, (f) any actions by the other Party which may cause delay, or (g) any other similar cause or similar event beyond the reasonable control of the performing Party (collectively, "*Force Majeure*"). The performing Party shall not be entitled to claim any delay caused by Force Majeure unless the performing Party, within ten (10) days after the performing Party becomes aware of the existence of an event of Force Majeure, notifies the other Party of the same in writing. Notwithstanding the foregoing, in no event shall an event(s) of Force Majeure (i) be deemed to have occurred with respect to any pandemic-related condition or circumstance in effect as of the Effective Date with respect to Covid-19.

13.12 No Waiver. The waiver by either Party of any agreement, condition, or provision contained in this Lease will not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition, or provision contained in this Lease, nor will any custom or practice that may grow up between the Parties in the administration of the terms of this Lease be construed to waive or lessen the right of the either Party to insist upon the performance by the other Party in strict accordance with the terms of this Lease.

13.13 Non-Merger of Fee and Leasehold Estate. If both the estate of Ground Lessor and the estate of Ground Lessee in the Premises or both become vested in the same owner, this Lease shall not terminate by application of the doctrine of merger, except at the express written election of Ground Lessor and the approval of any mortgagee(s) under any mortgages and deeds of trust on the Premises.

13.14 Limitation of Liability. Any monetary liability of Ground Lessor under this Lease shall be limited solely to its interest in the Premises (and all proceeds thereof, including without limitation, sales proceeds, rental proceeds and insurance and/or condemnation proceeds), and in no event shall any personal liability be asserted against Ground Lessor's members, or their respective members, partners, shareholders, officers, directors, agents or employees, in connection with this Lease nor shall any recourse be had to any

other property or assets of Ground Lessor, its members, or their respective members, partners, shareholders, officers, directors, agents or employees. In no event shall either Party be liable for indirect, punitive, consequential or special damages as a result of a breach or default under this Lease.

13.15 Broker Commissions. Ground Lessee and Ground Lessor each warrant and represent to each other they have had no dealings with any real estate broker or agent in connection with this Lease. Each Party covenants to pay, hold harmless, and indemnify the other Party from and against any and all costs, expenses, liabilities, causes of action, claims, or suits in connection with any compensation, commission, fee or charge claimed by any real estate broker or agent.

13.16 Binding Effect. This Lease, and all terms, conditions, obligations, indemnities, and benefits shall bind and benefit Ground Lessor, Ground Lessee and their successors and assigns. Notwithstanding the foregoing, this Lease is not intended to create any third party beneficiary rights in any third party not signing this Lease, and all rights, obligations, covenants, and indemnities under this Lease may only be enforced by either Ground Lessor or Ground Lessee and their successors or assigns. This Section shall in no way alter the restrictions on assignment and subletting applicable to Ground Lessee under this Lease.

13.17 Authorization. Each Party represents and warrants that all consents or approvals required for the execution, delivery and performance of this Lease have been or will be obtained and that each Party, subject to the following sentence, has the right and authority to enter into and perform its covenants contained in this Lease. The execution of this Lease by Ground Lessor is subject to compliance with the provisions of N.C. Gen. Stat. §160A-272.

13.18 Counterparts: This Lease may be executed in multiple counterparts (including electronic, .PDF, DocuSign, or facsimile counterparts), each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument. Execution and delivery of this Lease by exchange of electronic or facsimile copies bearing the signature of a Party shall constitute a valid and binding execution and delivery of this Lease by such Party.

13.19 Business Day. If the date for performance of any act, obligation or delivery of any notice under this Lease shall fall on a day other than a business day, then the date for such performance or delivery of such notice shall be postponed until the next business day. For purposes of this Lease, any references to “business days” shall be deemed to be references to normal working business days (i.e. Monday through Friday of each calendar week, exclusive of federal or state holidays or such other dates upon which nationally-chartered banks of the United States of America are not open for business).

13.20 Subordination of Ground Lessor’s Lien. Ground Lessor subordinates any statutory, contractual and common law liens that Ground Lessor may have or claim in and to Ground Lessee’s Improvements, furniture, trade fixtures, equipment and other personal property and inventory located at the Premises and agrees to execute and deliver to Ground Lessee from time to time confirmations of such subordination in form reasonably acceptable to Ground Lessor.

13.21 Ground Lessor’s Approval Rights. Any approval by Ground Lessor for any matters, plans, documents, or other items in this Lease (as set forth herein) shall be a matter of contract and not a matter of Ground Lessor acting in its governmental approval capacity.

13.22 Confidentiality. Ground Lessor is subject to the North Carolina Public Records Act (N.C. Gen. Stat. §132) and, accordingly all “public records” as therein defined (subject to certain limited exceptions), which definition includes this Lease, are available to members of the public upon request. Subject to the foregoing, Ground Lessor agrees that unless a proper request is received for a public record,

the parties will maintain all Confidential Information (as defined below) in confidence and will not disclose such information to any other Party without written consent. The term “***Confidential Information***” includes the terms of this Lease and any and all information whether in oral, written or other form, which is communicated by Ground Lessee to Ground Lessor relating to the subject matter hereof, including but not limited to architectural plans, specifications, site plans and drawings (regardless of whether such information is labeled as confidential). Confidential Information may be released to the parties’ employees, partners, consultants, attorneys, accountants, and lenders who have a reasonable need for such Confidential Information, provided that such individuals agree to maintain the confidential nature of the information.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed, sealed, and delivered this Lease as of the day and year first above written.

GROUND LESSOR:

CHATHAM COUNTY

a body politic and corporate of the State of North Carolina

By: _____

Name: _____

Title: _____

STATE OF _____
COUNTY OF _____

I, a Notary Public of the state and county aforesaid, hereby certify that _____ personally appeared before me this day and acknowledged that he signed the foregoing document in the following capacity: the _____ of Chatham County, a body politic and corporate of the State of North Carolina.

Date: _____.

Official Signature of Notary Public

Insert name of Notary, printed or typed

(Official Seal)

My Commission Expires: _____

IN WITNESS WHEREOF, the parties hereto have executed, sealed, and delivered this Lease as of the day and year first above written.

GROUND LESSEE:

SILER CITY INVESTMENT, LLC
a North Carolina limited liability company

By: _____

Name: _____

Title: _____

STATE OF _____

COUNTY OF _____

I, a Notary Public of the state and county aforesaid, hereby certify that _____ personally appeared before me this day and acknowledged that he signed the foregoing document in the following capacity: the _____ of _____, a _____.

Date: _____

Official Signature of Notary Public

Insert name of Notary, printed or typed

(Official Seal)

My Commission Expires: _____

EXHIBIT A

RIGHT OF FIRST REFUSAL TO PURCHASE

A. During the Term of the Lease, in the event that Ground Lessor determines, in its sole discretion, to sell Ground Lessor's fee interest in the Ground Lessor's Parcel to an unrelated and unaffiliated third party, including but not limited to the Land, such sale will be subject to Article 12 of Chapter 160A of the North Carolina General Statutes (the "***Property Disposal Statutes***"), then Ground Lessor will provide written notice to Ground Lessee of the upcoming disposition such that Ground Lessee may participate in any public sale, auction or other disposition procedure. In the event that the Ground Lessor's Parcel is sold to an affiliated entity (being other entities related to Chatham County) or is subject to and is sold or transferred by a public sale, auction or other disposition procedure, as set forth above, then the provisions of Section B of this Exhibit A shall not apply and shall have no force or effect.

B. Right of First Refusal

a. During the Term of the Lease, in the event that Ground Lessor determines, in its sole discretion, to sell Ground Lessor's fee interest in the Premises to an unrelated and unaffiliated third party, and such sale is not subject to the requirement of the Property Disposal Statutes, then Ground Lessor shall grant to Ground Lessee a right of first refusal (the "***Refusal Right to Purchase***"), subject and subordinate to any existing rights of first refusal, to purchase Ground Lessor's fee interest in the Ground Lessor's Parcel, or any portion thereof including the Land (the property subject to the offer being hereinafter in this paragraph referred to as the "***First Refusal Property***"). In the event Ground Lessor receives a bona fide written offer (which shall be in the form of a letter of intent or proposed contract) from any bona fide Entity (as defined below) to purchase the First Refusal Property (a "***Written Offer***") that Ground Lessor desires to accept, Ground Lessee may elect to purchase the First Refusal Property at the price (the "***Written Offer Price***") and on the terms and conditions as contained in the Written Offer. Ground Lessor shall give written notice to Ground Lessee, including delivery to Ground Lessee, of a true and complete copy of the Written Offer redacting the names and any personal information of the parties thereto (collectively, the "***ROFR Notice***"). Within thirty (30) days of Ground Lessee's receipt of the ROFR Notice (the "***Election Period***"), Ground Lessee shall notify Ground Lessor in writing whether Ground Lessee elects to purchase the First Refusal Property on the same terms and conditions as are contained in the Written Offer (the "***Election Notice***"). In the event Ground Lessee exercises such Refusal Right to Purchase, the obligation to sell and purchase the First Refusal Property shall be binding between Ground Lessor and Ground Lessee subject to the terms contained in the Written Offer and a mutually acceptable purchase and sale agreement. As used in this section, the term "Entity" shall mean any individual, corporation, limited liability company, general partnership, limited partnership, professional association, joint venture, or any other entity.

b. In the event that after receipt of the ROFR Notice Ground Lessee fails to deliver the Election Notice within the Election Period, then Ground Lessor shall be free to consummate the sale of the First Refusal Property to the Entity submitting the Written Offer pursuant to the same terms as contained in the Written Offer. So long as any such sale closes on materially similar terms and conditions as set forth in the Written Offer, the Refusal Right to Purchase shall thereafter be of no further force and effect with respect to the First Refusal Property and the Refusal Right to Purchase shall be terminated with respect to the sale at issue, but the Refusal Right to Purchase shall still apply to other portions of Ground Lessor's Parcel not sold or transferred. For purposes of this Section B, a reduction in the purchase price of more than five percent (5%) thereof shall be considered a material change and require Ground Lessor to provide Ground Lessee with a ROFR Notice as outlined above.

c. In the event that any sale to an Entity that has submitted a Written Offer is terminated, for whatever reason, and Ground Lessor thereafter receives a bona fide Written Offer to

purchase the First Refusal Property, Ground Lessor shall again follow all of the provisions and steps set forth in this Section B, notwithstanding any previous decision of Ground Lessee not to purchase the First Refusal Property or any previous failure of Ground Lessee to deliver an Election Notice. In addition, in connection with any such new bona fide Written Offer for the First Refusal Property, neither Ground Lessor nor Ground Lessee shall be bound by any previously delivered Written Offer Price associated with a previous Written Offer for the First Refusal Property.

EXHIBIT B

RIGHT OF FIRST REFUSAL TO LEASE

A. During the Term of the Lease, in the event that Ground Lessor determines, in its sole discretion, to lease other portions of Ground Lessor's Parcel outside of the Premises to an unrelated and unaffiliated third party, and such lease will be subject to N.C. Gen. Stat. §160A-272 (the "***Lease Procedures***"), then Ground Lessor will provide written notice to Ground Lessee of the upcoming Lease Procedures such that Ground Lessee may participate in any such Lease Procedure. In the event that other portions of Ground Lessor's Parcel is leased to an affiliated entity (being other entities related to Chatham County) or pursuant to a public auction, then the following provisions of this Exhibit B shall not apply and shall have no force or effect.

B. During the Term of the Lease, in the event that Ground Lessor determines, in its sole discretion, to lease other portions of Ground Lessor's Parcel, and such lease is not leased to an affiliated entity or is subject to the requirement of a Lease Procedure, then Ground Lessee shall have an ongoing and continuous right of first refusal to lease (the "***Right of First Refusal to Lease***") any portions or parts of the Ground Lessor's Parcel not part of the Premises subject to this Lease (hereinafter in this Exhibit B referred to as the "***First Refusal Property***"). If Ground Lessor receives a bona fide offer (the "***Offer***") from a prospective tenant to lease all or any part of the First Refusal Property, Ground Lessor shall give Ground Lessee written notice of such fact, setting forth in such notice all of the material terms and conditions of such Offer. After Ground Lessor notifies Ground Lessee in writing of such an Offer, Ground Lessee shall have thirty (30) days to exercise the Right of First Refusal to Lease by written notice to Ground Lessor. If Ground Lessee exercises the Right of First Refusal to Lease, Ground Lessee shall be required to lease all of the First Refusal Property that is the subject of the Offer. If Ground Lessee fails to notify Ground Lessor of its election within the aforesaid thirty (30) day period, Ground Lessee shall be deemed to have waived the Right of First Refusal to Lease with respect to the Offer.

C. Upon any exercise by Ground Lessee of the Right of First Refusal to Lease in accordance herewith, Ground Lessor and Ground Lessee shall promptly execute, at the request of either, an amendment to this Lease whereby Ground Lessee leases such First Refusal Property and the First Refusal Property is added to the Premises subject to the Lease, provided that the terms of such lease of the First Refusal Property shall be upon the same terms and conditions as set forth in the original Lease, including that the Base Rent for the expanded Premises (including the First Refusal Property), the Term, and other terms and conditions of the Lease shall not change, be modified or be amended, and Ground Lessee shall accept possession of the First Refusal Property in its current, as-is condition.

D. If Ground Lessee fails or refuses to exercise such Right of First Refusal to Lease or is deemed to have waived such Right of First Refusal to Lease with respect to the First Refusal Property that is subject of such Offer, then such Right of First Refusal to Lease shall lapse as to such then applicable third party Offer, time being of the essence with respect to the exercise thereof, and Ground Lessor may thereafter lease the applicable First Refusal Property to the prospective tenant identified in such Offer on the terms set forth in the Offer. If Ground Lessor fails to lease the First Refusal Property pursuant to the Offer, Ground Lessor shall give Ground Lessee notice in the manner set forth above of any further or different offers made or received by Ground Lessor for the lease of the First Refusal Property, and the Right of First Refusal to Lease shall continue to apply to the First Refusal Property, pursuant to the terms and conditions of this Exhibit B. It is expressly understood and agreed by and between the parties hereto that Ground Lessee shall have the Right of First Refusal to Lease with respect to each and every offer to lease made or received by Ground Lessor or by any successor Ground Lessor during the Term, and the then Ground Lessor at the time of the making or receipt of such offer to lease shall in each and every instance notify Ground Lessee of such offer in the manner set forth above, and Ground Lessee shall have the right

to purchase the First Refusal Property under the terms and conditions of such offer in accordance with the terms and provisions set forth above. Further, in the event the First Refusal Property includes some, but not all, of Ground Lessor's Parcel, then Ground Lessee's Right of First Refusal to Lease shall continue to apply to any other remaining portions of Ground Lessor's Parcel.

EXHIBIT C

FORM OF MEMORANDUM OF LEASE

[to be added]



Chatham County, NC

Text File

File Number: 20-3577

Agenda Date: 9/3/2020

Version: 1

Status: Public Hearing

In Control: Planning

File Type: Agenda Item

A Legislative public hearing for a request by JNNJ, LLC, for a conditional district rezoning from R-1 Residential to CD-O&I for office - business, professional, and governmental, Parcel No. 69884 being 5 acres, located at 10441 US 15-501 N, Baldwin Township.

A Legislative public hearing for a request by JNNJ, LLC, for a conditional district rezoning from R-1 Residential to CD-O&I for office - business, professional, and governmental, Parcel No. 69884 being 5 acres, located at 10441 US 15-501 N, Baldwin Township.

Action Requested:

Introduction & Background:

Discussion & Analysis:

How does this relate to the Comprehensive Plan:

Recommendation: