

**FORSYTH COUNTY
BOARD OF COMMISSIONERS**

**BRIEFING
DRAFT**

MEETING DATE: August 16, 2018

AGENDA ITEM NUMBER: 13

SUBJECT: RESOLUTION AUTHORIZING EXECUTION OF A LEASE AGREEMENT BETWEEN FORSYTH COUNTY AND CARDINAL INNOVATIONS HEALTHCARE FOR LEASE OF COUNTY OWNED PROPERTY LOCATED IN THE HIGHLAND AVENUE CENTER AT 650 HIGHLAND AVENUE, WINSTON-SALEM, N.C. (GENERAL SERVICES DEPARTMENT)

COUNTY MANAGER'S RECOMMENDATION OR COMMENTS:

SUMMARY OF INFORMATION:

ATTACHMENTS:

YES

NO

SIGNATURE: _____

COUNTY MANAGER

DATE: _____

**RESOLUTION AUTHORIZING EXECUTION OF A LEASE AGREEMENT BETWEEN
FORSYTH COUNTY AND CARDINAL INNOVATIONS HEALTHCARE FOR LEASE
OF COUNTY OWNED PROPERTY LOCATED IN THE HIGHLAND AVENUE
CENTER AT 650 HIGHLAND AVENUE, WINSTON-SALEM, N.C.
(GENERAL SERVICES DEPARTMENT)**

WHEREAS, N.C.G.S. 160A-274, authorizes any governmental unit to lease to any other governmental unit any interest in real property upon such terms and conditions it deems wise, with or without consideration upon action by the governing body of the governing unit; and

WHEREAS, Forsyth County owns real property located at 650 Highland Avenue, Winston-Salem, N.C. in which it intends to execute a seven-year lease with one five-year renewal option of 5,031 square feet of office space located on the first floor, in Suite 130, at an annual rental of \$1.00; and

WHEREAS, Forsyth County intends to bill the tenant \$5.35 per square foot for operating expense reimbursement for an annual amount of \$26,915.85 for Tenant Share of building operating costs payable in equal monthly installments, with Tenant Share amount being subject to a CPI percentage adjustment each year; and

WHEREAS, Cardinal Innovations Healthcare desires to execute a seven-year lease agreement with Forsyth County with one five-year option to renew under the above terms; and

WHEREAS, the above-described property will not be needed by Forsyth County for County purposes during the term of the proposed lease;

NOW, THEREFORE, BE IT RESOLVED by the Forsyth County Board of Commissioners that the above-described property will not be needed by Forsyth County during the time of the proposed lease.

BE IT FURTHER RESOLVED that the Chairman or County Manager and the Clerk to the Board are hereby authorized to execute the above-described Lease Agreement, on behalf of Forsyth County, with Cardinal Innovations Healthcare, subject to a pre-audit certificate thereon by the County Chief Financial Officer, where applicable, and approval as to form and legality by the County Attorney. The proposed Lease Agreement is attached hereto.

Adopted this 16th day of August 2018.

LEASE AGREEMENT

This Lease Agreement (“Lease”), dated as of July 1, 2018 (“Effective Date”), is made by and between Forsyth County, a political subdivision of the State of North Carolina (“Landlord”), and Cardinal Innovations Healthcare, a managed care organization (“Tenant”) (collectively, the “Parties” and each a “Party”).

WHEREAS, Landlord agrees to lease and Tenant agrees to rent from Landlord the Premises (as defined below) on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Definitions.** For purposes of this Lease, the following terms shall have the following meanings:

“Alterations” shall have the meaning set forth in **Section 10** hereof.

“Building” shall mean the building known as The Highland Avenue Center, consisting of approximately Forty Six Thousand Nine Hundred Twenty Four (46,924) total square feet of rentable area, and having the street address of 650 Highland Avenue, Winston-Salem, North Carolina.

“Building Systems” shall mean the HVAC Systems, mechanical, electrical, plumbing and life safety systems of the Building.

“Common Areas” shall mean the roadways, parking areas and landscaped areas on the Property, and the entrances, lobby, access ways, hallways, lavatories and other areas located within the Building or otherwise on the Property that are intended for the common use of all tenants of the Property and their invitees. For the avoidance of doubt, the term Common Areas shall not include the Wellness Center operated by the Tenant on the Property.

“CPI” shall mean The United States Department of Labor, Bureau of Labor Statistics Revised Consumer Price Index for All Urban Consumers (1982-84=100), U.S. City Average, All Items, or, if that index is not available at the time in question, the index designated by such Department as the successor to such index, and if there is no index so designated, an index for an area in the United States that most closely corresponds to the entire United States, published by such Department, or if none, by any other instrumentality of the United States.

“Event of Default” shall have the meaning set forth in **Section 16** hereof.

“Extension Option” shall have the meaning set forth in **Section 3** hereof.

“Hazardous Materials” shall mean any chemical, compound, material, substance or other matter that: (a) is defined as a hazardous substance, hazardous material or waste, or toxic substance under any Hazardous Materials Law; (b) is regulated, controlled or governed by any Hazardous Materials Law or other laws; (c) is petroleum or a petroleum product; or (d) is

asbestos, formaldehyde, radioactive material, drug, bacteria, virus, or other injurious or potentially injurious material (by itself or in combination with other materials).

“Hazardous Materials Laws” shall mean any and all federal, state or local laws, ordinances, rules, decrees, orders, regulations or court decisions relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises, the Building or the Property, or soil and ground water conditions, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Hazardous Materials Transportation Act, any other law or legal requirement concerning hazardous or toxic substances, and any amendments to the foregoing.

“HVAC Systems” shall mean the heating, air conditioning, and ventilating systems of the Building.

“Lease Commencement Date” shall mean July 1, 2018.

“Lease Expiration Date” shall mean the last day of the month in which occurs the Seventh (7th) anniversary of the Lease Commencement Date, as the same may be extended pursuant to **Section 3** herein, or such earlier date on which the Term shall sooner end pursuant to any of the terms, covenants or conditions of this Lease or pursuant to law.

“Operating Expenses” shall have the meaning set forth in **Section 4** hereof.

“Permitted Use” shall mean the operation of a wellness center and administrative offices to facilitate the delivery of publicly funded health services, including any other related ancillary use thereto.

“Premises” shall mean approximately Five Thousand Thirty One (5,031) square feet of rentable area designated as Suite 130, located on the First (1st) floor of the Building, as more particularly shown on **Exhibit B** attached hereto.

“Property” shall mean the Building, together with the parking lot and all appurtenances thereto on which the Building is located as depicted on **Exhibit A**, together with all other improvements which may hereafter be constructed on such parcel of land.

“Renewal Term” shall have the meaning set forth in **Section 3** hereof.

“Rent” shall have the meaning set forth in **Section 4** hereof.

“Rules and Regulations” shall mean the rules and regulations attached hereto and made a part hereof as **Exhibit C**, and such other further commercially reasonable, uniform rules and regulations as Landlord may from time to time adopt upon written notice to Tenant; provided, in no event may Landlord impose or adopt any rule or regulation which has a material adverse impact on Tenant’s ability to operate the Premises for the Permitted Use.

“Tenant Owned Property” shall have the meaning set forth in **Section 10** hereof.

“Tenant Parties” shall have the meaning set forth in **Section 7** hereof.

“Tenant’s Share” shall mean the initial annual sum of \$26,915.85 (calculated at \$5.35 per square foot), which sum shall be adjusted on each anniversary of the Lease Commencement Date by a percentage equal to the percentage change in CPI for the most recent twelve (12) month period.

“Term” shall mean a term of Seven (7) years commencing on the Lease Commencement Date and ending on the Lease Expiration Date, as may be extended pursuant to **Section 3** herein.

2. Premises.

(a) Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord, the Premises for the Term.

(b) Tenant shall have the non-exclusive right to use the Common Areas of the Building. Except as may be otherwise provided expressly in this Lease, Tenant shall not have the right to use the roof, electrical closets, janitorial closets, mechanical rooms, telephone rooms or any other non-common or non-public area of the Building and the Property.

3. Term.

(a) The Term shall commence on the Lease Commencement Date and shall expire on the Lease Expiration Date.

(b) Tenant is granted the option (“Extension Option”) to extend the Term of this Lease for an additional term of Five (5) years (“Renewal Term”) on the same terms and conditions set forth herein; provided, that, as a condition to Tenant exercising the Extension Option, Tenant shall give Landlord written notice no less than Sixty (60) days prior to the commencement of the Renewal Term that Tenant is exercising the Extension Option.

4. Rent; Operating Costs.

(a) Tenant covenants and agrees to pay as rent for the initial year of the Term, the sum of One and No/100 Dollar (\$1.00) (“Rent”) on or before the Lease Commencement Date. Thereafter, Tenant agrees to pay Rent on a per annum basis (on or before each anniversary date of the Lease Commencement Date) for the remainder of the Term.

(b) Throughout the Term, Landlord, at its sole cost and expense, shall be obligated to pay all Operating Expenses; provided, in addition to the payment of Rent, Tenant shall pay to Landlord in advance of each month, an amount equal to one-twelfth (1/12) of the Tenant’s Share to reimburse Landlord for its payment of all Operating Expenses.

(c) For purposes of this Lease, “Operating Expenses” shall include without limitation, all: (i) ad valorem taxes (or any tax hereafter imposed in lieu thereof) levied on the Premises, the Building, the Common Areas or any improvements thereon, (ii) insurance premiums and policy deductibles paid with respect to the Building, including fire and extended coverage insurance and liability insurance, (iii) personal property taxes applicable to the Building, the Common Areas or the Premises, (iv) any reasonable fees or costs incurred in

connection with protesting any tax assessment, (v) standard building services, including, without limitation, utilities, heat and air conditioning, standard janitorial service for the Common Areas and window cleaning, (vi) building management costs (including management fees), (vii) the cost of grass mowing, shrub care and general landscaping, irrigation systems, maintenance and repair to parking and loading areas, driveways, sidewalks, exterior lighting, garbage collection and disposal, water and sewer, plumbing, signs and other facilities serving or benefiting the Premises or the Building, (viii) the cost of all services rendered by third parties with respect to the Building and all costs paid or incurred by Landlord in providing any of the services to be provided by Landlord pursuant to the terms of this Lease; (ix) costs of all capital improvements, repairs or equipment to the Building, and (x) all Common Area operating and maintenance costs not otherwise covered under clauses (i)-(ix) above.

5. Preparation for Occupancy. [Intentionally deleted].

6. Use of Premises. The Premises shall be used only for the Permitted Use. Tenant shall not use the Premises for any other use without first obtaining the Landlord's written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall commence operating the Premises for the Permitted Use by the Lease Commencement Date. Notwithstanding anything to the foregoing, in no event shall Tenant be obligated to operate a business at the Premises at any time following a casualty to the extent that such casualty adversely affects Tenant's ability to operate its business at the Premises.

7. Compliance with Laws.

(a) Tenant, and Tenant's contractors, agents, servants, employees, attorneys, invitees and licensees (collectively, the "Tenant Parties"), shall comply with the Rules and Regulations. Landlord may at any time or times hereafter adopt new Rules and Regulations or modify or eliminate existing Rules and Regulations, provided they do not unreasonably affect the operation of Tenant's business in the Premises or materially impair Tenant's rights under this Lease. In the event of any inconsistency between the Rules and Regulations and this Lease, the provisions of this Lease shall control. Landlord agrees to uniformly and reasonably apply the Rules and Regulations against all occupants in the Building, including Tenant.

(b) Tenant, at Tenant's sole cost and expense, shall comply with and shall use reasonable efforts to cause all of Tenant Parties to comply with all applicable laws, ordinances, rules and regulations of governmental and quasi-governmental authorities, including, without limitation, all Hazardous Materials Laws and the Americans with Disabilities Act of 1990, as amended by the Americans with Disabilities Act Amendments Act of 2008 (and the regulations promulgated thereunder) (the "ADA") applicable to the interior of the Premises, including all laws affecting the Common Areas of the Building; provided, in no event shall Tenant be obligated to cause the Common Areas to be in compliance with the ADA. The foregoing obligation of Tenant shall not, however, permit Tenant to make, without Landlord's prior written approval, any Alterations to the Premises which otherwise would require Landlord's approval under this Lease, and Tenant shall comply with all of the requirements of this Lease in making any such Alterations.

(c) Landlord shall comply with all laws, rules, statutes, ordinances and regulations now and hereafter affecting the balance of the Property, including all Common Areas, including, without limitation, all Hazardous Materials Laws and the ADA.

8. Hazardous Materials.

(a) Tenant shall not cause or permit any Hazardous Materials to be generated, used, released, stored or disposed of in or about the Premises, the Building or the Property; provided, however, Tenant may generate, use or store reasonable quantities of Hazardous Materials as may be necessary for Tenant to conduct its normal business operations in the Premises. Tenant shall indemnify and hold Landlord, its employees and agents, harmless from and against any damage, injury, loss, liability, charge, demand or claim based on or arising out of the presence or removal of, or failure to remove, Hazardous Materials generated, used, released, stored or disposed of by Tenant or any Tenant Party in or about the Premises, the Building or the Property, whether before or after the Lease Commencement Date.

(b) Landlord agrees to indemnify, defend and hold Tenant and its officers, directors, members, owners and employees harmless from and against any claims, suits, courses of action, costs, fees (including reasonable attorney's fees and costs) arising out of the storage, discharge, use or disposal of any Hazardous Materials in, on or adjacent to the Property (i) prior to the Lease Commencement Date; or (ii) after the Lease Commencement Date by any of (A) Landlord; or (B) the employees, agents, contractors, subcontractors or other lessees of Landlord.

9. Maintenance and Repairs; Building and Equipment.

(a) Landlord, during the Term (and Renewal Term if applicable), shall operate, maintain and make all necessary repairs to the Building Systems, including the Common Areas of the Building. Except to the extent otherwise set forth in **Section 4**, all costs incurred by Landlord in connection therewith shall be Operating Expenses; provided, however, but in all events subject to **Section 29**, Tenant shall be responsible for the cost of such repairs to the Building Systems, including the Common Areas of the Building, if such repairs are necessary as a result of the gross negligence or more culpable act or omission of Tenant or its employees, contractors, agents, licensees or invitees.

(b) Landlord agrees to furnish during the Term (and Renewal Term if applicable), provided that Tenant shall not be in default hereunder, the following services and utilities during the Tenant's hours of operation, including from time-to-time during evening hours and on weekends: (i) heating and air conditioning required for the comfortable use and occupancy of the Premises, (ii) hot and cold, running, potable water reasonably adequate for Tenant's purposes, (iii) electricity for lighting and operating computers, facsimile machines, scanners and other business equipment, (iv) providing, installing, and replacing all necessary light bulbs and tubes, (v) cleaning and janitor's services solely for the Common Areas of the Building, including removal of rubbish, (vi) illuminating and maintaining the parking area, walks and driveways, and (vii) removing ice, snow and litter from walks, driveways and parking areas. Except to the extent otherwise set forth in **Section 4**, all costs incurred by Landlord in connection therewith shall be Operating Expenses. No failure or interruption of utilities or services from any cause whatsoever shall impose upon Landlord any liability whatsoever, including, but not

limited to, liability for consequential damages or loss of business by Tenant. Tenant's hours of operation will be 8:00a.m. until 5:00p.m. weekdays, which, Landlord acknowledges, may include meetings or other events from time-to-time during evening hours and on weekends.

(c) Notwithstanding anything contained herein to the contrary, Landlord reserves the right, without any liability to Tenant and without being in breach of any covenant of this Lease, to effect an interruption of services and/or utilities as required by law or by this Lease, or as Landlord in good faith deems necessary, whenever and for so long as may be necessary, to make repairs, alterations, upgrades, changes, or for any other reason to the Building Systems serving the Premises, or any other services which may be required of, or which may be provided by, Landlord under this Lease. In each instance, Landlord shall exercise reasonable diligence to avoid the interruption of such services to the extent reasonably practicable and to the extent not reasonably practical, to limit the scope and duration of such interruption. Furthermore, Landlord shall give Tenant notice, when practicable, of the commencement and anticipated duration of such interruption.

(d) It shall be Tenant's responsibility to install, move, maintain, adjust, and repair its property and fixtures, including but not limited to, its: signage, pictures, bulletin boards, plaques, furniture, filing cabinets, computer cables, computer equipment, business machines, draperies, blinds, kitchen appliances, special water heaters, kitchen cabinets, private restroom fixtures, special air conditioning or power conditioning equipment, medical or clinical equipment, locks for furniture and filing cabinets, paging systems, modular furniture components (including task lighting, flat wiring, and power distribution cables), combination locks, specialty electrical devices, exhaust fans, fire extinguishers, carpet squares, and/or other furniture, fixtures, or equipment installed by Tenant, or which were supplied, specified or requested by Tenant and installed by Landlord.

(e) Tenant shall, at its sole cost and expense, perform all maintenance and repairs (including replacement) to the Premises that are not Landlord's express responsibility hereunder, and shall keep the Premises in good condition and repair at all times under the Lease except for matters (i) of ordinary wear and tear, (ii) which are the result of casualty or (iii) which are the obligation of Landlord hereunder. It is understood that Tenant shall be solely responsible, at its sole cost and expense, for providing cleaning and janitor's services to the Premises and garbage disposal in designated dumpsters.

10. Alterations.

(a) Tenant shall not make or allow to be made any alterations, additions or improvements in or to the Premises (collectively, "Alterations") without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(b) Tenant agrees that the Alterations shall be done at Tenant's sole cost and expense and in a good and workmanlike manner, that the structural integrity of the Building shall not be impaired, and that no liens shall attach to all or any part of the Premises, the Building, or the Property by reason thereof. Tenant shall obtain, at its sole expense, all permits required for such work.

(c) All Alterations made by Tenant shall become the property of Landlord and shall be surrendered to Landlord on or before the Lease Expiration Date, except as otherwise set forth in this Lease. Notwithstanding the foregoing, movable equipment, trade fixtures, personal property, furniture, or any other items that can be removed without material harm to the Premises will remain Tenant's property (collectively, the "Tenant Owned Property") and shall not become the property of Landlord but shall be removed by Tenant, at its sole cost and expense, not later than the Lease Expiration Date. Tenant shall repair, at its sole cost and expense, all damage caused to the Premises or the Building by the removal of (i) any Alterations that Tenant is required to remove or (ii) Tenant Owned Property. Landlord may remove any Tenant Owned Property or Alterations that Tenant is required but fails to remove at the Lease Expiration Date, and Tenant shall pay to Landlord the reasonable cost of such removal. For the avoidance of doubt, Tenant shall be responsible for paying all personal property taxes, if applicable, on any Tenant Owned Property. Tenant's obligations under this **Section 10** shall survive the expiration or earlier termination of this Lease.

11. Insurance.

(a) Tenant shall procure at its cost and expense, and keep in effect during the Term, insurance coverage for all risks of physical loss or damage insuring the full replacement value of Alterations and all items of Tenant Owned Property. Landlord shall not be liable for any damage or damages of any nature whatsoever to persons or Tenant's property caused by explosion, fire, theft or breakage, vandalism, falling plaster, by sprinkler, drainage or plumbing systems, or air conditioning equipment, by the interruption of any public utility or service, by steam, gas, electricity, water, rain or other substances leaking, issuing or flowing into any part of the Premises, by natural occurrence, acts of the public enemy, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, or by anything done or omitted to be done by any tenant, occupant or person in the Building or otherwise, it being agreed that Tenant shall be responsible for obtaining appropriate insurance to protect its interests; provided, however, Landlord shall be obligated to reimburse Tenant for damage to its property resulting from Landlord's gross negligence or more culpable act or omission in making repairs to the Building Systems, including the Common Areas of the Building, but only to the extent such damage is not covered by the insurance required to be carried by Tenant hereunder.

(b) Tenant shall procure at its cost and expense, and maintain throughout the Term, comprehensive commercial general liability insurance applicable to the Premises with a minimum combined single limit of liability of Three Million and No/100 Dollars (\$3,000,000.00), statutory worker's compensation insurance, and employer's liability insurance with a minimum limit of Five Hundred Thousand and No/100 Dollars (\$500,000.00) covering all of Tenant's employees. Such liability insurance shall include, without limitation, products and completed operations liability insurance, fire and legal liability insurance, and such other coverage as Landlord may reasonably require from time to time to the extent usual and customary and commercially reasonably available.

(c) Tenant's insurance shall be issued by companies authorized to do business in the State of North Carolina. Tenant shall have the right to provide insurance coverage pursuant to blanket policies obtained by Tenant if the blanket policies expressly afford the coverage required by this **Section 11**. All insurance policies required to be carried by Tenant under this Lease (except for worker's compensation insurance) shall: (i) name Landlord, and any other

reasonable number of parties designated by Landlord as an additional insured, (ii) as to liability coverages, be written on an "occurrence" basis, and (iii) contain a provision that no act or omission of Tenant shall affect or limit the obligation of the insurer to pay the amount of any loss sustained. Tenant shall provide Landlord with not less than thirty (30) days' notice prior to any cancellation or material change in coverage of any insurance policy maintained by Tenant pursuant hereto. Each such policy shall contain a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord. Tenant shall deliver reasonably satisfactory evidence of such insurance to Landlord on or before the date Tenant first enters or occupies the Premises, and thereafter at least thirty (30) days before the expiration dates of expiring policies. Notwithstanding the foregoing, if any such insurance expires without having been renewed by Tenant, Landlord shall have the option, in addition to Landlord's other remedies to procure such insurance for the account of Tenant, immediately and without notice to Tenant, and the cost thereof shall be paid to Landlord. The limits of the insurance required under this Lease shall not limit Tenant's liability.

(d) Landlord shall procure, and keep in force during the Term, a policy or policies of fire and extended coverage insurance, with full replacement coverage (subject only to a deductible not in excess of \$25,000.00), covering the Building and Landlord's property for the benefit of Landlord, Tenant, and any mortgagee on the fee simple title to the Premises, as their interests may appear. All such insurance premiums shall be part of the Operating Expenses. In the event of a loss or damage, covered by such insurance, Landlord shall be entitled to the proceeds of all insurance on the Premises and such proceeds shall be used for the repair and reconstruction of the Building (unless Tenant shall have terminated this Lease as provided herein). Tenant shall not use the Premises for any activity (other than the Permitted Use) that will invalidate or will increase the rate of any policy of insurance now or hereafter carried on the Premises or the Building. Tenant agrees that it will keep its trade fixtures, equipment, and other property of Tenant located in the Premises insured against loss or damage by fire with extended coverage to the full fair insurable value thereof, and that Landlord shall have no duty or obligation to insure Tenant's property. Tenant agrees that all personal property in the Premises shall be at the risk of Tenant only and that Landlord shall not be liable for damage thereto or theft thereof under any circumstances.

12. Indemnification.

(a) Subject to the provisions of **Section 11** and **Section 29**, Tenant agrees to defend, indemnify and save harmless Landlord and the agents, servants and employees of Landlord against and from any and all claims made or liability, loss, cost, damage and expenses (including reasonable attorneys' fees) (any of the foregoing, "Claims") assessed against Landlord by or on behalf of any person, firm or corporation arising by reason of injury to person or property occurring on or about the Property, occasioned in whole or in part by: (i) any negligent or intentionally wrongful act or omission on the part of (A) Tenant or (B) an employee (whether or not acting within the scope of employment), agent, assignee or licensee of Tenant, (ii) any unlawful use of the Property by Tenant, or (iii) any matter or thing growing out of the occupancy or use of the Premises or the Property by Tenant or anyone holding or claiming to hold through or under Tenant, except to the extent that such Claims arise as a result of the negligence or willful act or omission of Landlord or its agents, employees, representatives or contractors. In all such events, Landlord shall not be liable for any damages, injury or loss to the persons, property,

or effects of Tenant, or to any other person or persons suffered in, on or upon the Premises or the Property, and Tenant agrees to indemnify, defend and protect and save harmless Landlord against any and all damages or claims therefor.

(b) Subject to the provisions of **Section 11** and **Section 29**, Landlord agrees to defend, indemnify and save harmless Tenant and its agents, guests, servants and employees from and against any and all Claims by or on behalf of any person, firm or corporation arising by reason of injury to person or property occurring on or about the Property occasioned in whole or in part by: (i) any negligent or intentionally wrongful act or omission on the part of (A) Landlord or (B) an employee (whether or not acting within the scope of employment), agent, assignee or licensee of Landlord, (ii) any unlawful use of the Property by Landlord, or (iii) any matter or thing growing out of the ownership or use of the Property by Landlord or anyone (other than Tenant) holding or claiming to hold through or under Landlord, except to the extent that such Claims arise as a result of the negligence or willful act or omission of Tenant or its agents, employees, representatives or contractors. In all such events, Tenant shall not be liable for any damages, injury or loss to the persons, property, or effects of Landlord, or to any other person or persons suffered in, on or upon the Property, and Landlord agrees to indemnify, defend and protect and save harmless Tenant against any and all damages or claims therefor.

(c) The terms of this **Section 12** shall survive the expiration or sooner termination of this Lease.

13. Damage and Destruction.

(a) If the Building or any of the Common Areas are destroyed or damaged by fire or other casualty so that Tenant is unable to operate the Premises for the Permitted Use and, in Landlord's judgment reasonably exercised within thirty (30) days after the destruction or damage, repairs cannot be made within one hundred eighty (180) days after the date of the damage or destruction, Landlord may terminate this Lease effective as of the date of the damage or destruction by giving Tenant written notice within sixty (60) days of the date of the damage or destruction.

(b) If Landlord does not terminate this Lease as provided in **Section 13(a)** above, Landlord shall promptly rebuild, repair and restore the Premises and the Building to their former condition, provided, however, that if Landlord has not completed such restoration within one hundred eighty (180) days after the date of the damage or destruction, Tenant may, at its option, terminate this Lease upon written notice to Landlord.

(c) If as the result of such casualty, Tenant is unable to continue to operate its business in the Premises, Tenant's obligation to pay Rent and any Tenant's Share amount shall abate during all periods of repair or restoration.

14. Condemnation.

(a) If all of the Property is condemned or taken in any permanent manner before or during the Term for any public or quasi-public use, or any permanent transfer of the Premises is made in avoidance of an exercise of the power of eminent domain (each of which events shall be referred to as a "taking"), this Lease shall automatically terminate as of the date

of the vesting of title due to such taking. If a part of the Property is so taken, this Lease shall automatically terminate as to the portion of the Property so taken as of the date of the vesting of title as a result of such taking. If such portion of the Property is taken as to render the balance of the Premises unusable by Tenant for the Permitted Use, as reasonably determined by Tenant, this Lease may be terminated by Tenant, as of the date of the vesting of title as a result of such taking, by written notice to Landlord given within thirty (30) days following notice to Landlord of the date such vesting occurs. If this Lease is not terminated as a result of any taking, Landlord shall restore the Building (including restoration of all parking spaces) to an architecturally whole unit; provided, however, that Landlord shall not be obligated to expend on such restoration more than the amount of condemnation proceeds actually received by Landlord.

(b) As between Landlord and Tenant, Landlord shall be entitled to the entire award for any taking, including, without limitation, any award made for the value of the leasehold estate created by this Lease. No award for any partial or entire taking shall be apportioned, and Tenant hereby assigns to Landlord any award that may be made in any taking, together with any and all rights of Tenant now or hereafter arising in or to such award or any part thereof; provided, however, that nothing contained herein shall be deemed to give Landlord any interest in or to require Tenant to assign to Landlord any separate award made to Tenant for its relocation expenses, the taking of personal property and fixtures belonging to Tenant, the unamortized value of the Alterations, or the interruption of or damage to Tenant's business.

(c) In the event of a taking, the Rent and Tenant's Share shall be prorated.

15. Assignment and Subletting. During the Term, Tenant shall not (i) in any manner, directly or indirectly, assign or transfer any interest in this Lease (including granting any encumbrance on Tenant's interest hereunder) or (ii) directly or indirectly, sublet, assign or transfer all or any part of the Premises, or in any manner whatsoever, directly or indirectly, transfer or assign an interest in the Premises, to any person, corporation or any other entity without the prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned. Any violation or breach or attempted violation or breach of the provisions of this **Section 15** by Tenant, or any acts inconsistent herewith, shall vest no right, title or interest herein or hereunder or in the Premises in any other party. In no event shall any merger, consolidation or other combination involving Tenant be deemed to violate this **Section 15** regardless of whether Tenant is the survivor thereof. No assignment or subletting shall relieve Tenant named on the first page of this Lease of any liability or obligation hereunder except as maybe otherwise agreed by Landlord in writing.

16. Tenant's Default. Each of the following events shall be an "Event of Default" under this Lease:

(a) Any part of the Rent or Tenant's Share required to be paid by Tenant under this Lease shall at any time remain unpaid for five (5) days following written notice; provided, Landlord shall not be obligated to give such notice more than twice during any twelve (12) consecutive month period.

(b) Tenant's failure to perform or observe any other covenant, condition or other obligation of Tenant and such failure continues for a period of thirty (30) days after Landlord gives Tenant written notice thereof. Notwithstanding the foregoing, if a cure cannot be

effected within the thirty (30) day period and Tenant begins the cure and is pursuing such cure in good faith and with diligence and continuity during the thirty (30) day period, then Tenant shall have such additional time as is reasonably necessary to effect such cure.

(c) At the Landlord's option, the occurrence of any of the following:

i. the appointment of a receiver to take possession of all or substantially all of the assets of Tenant or its interest in the Premises;

ii. an assignment by Tenant for the benefit of creditors;

iii. the filing of any voluntary petition in bankruptcy by Tenant, or the filing of any involuntary petition by Tenant's creditors, which involuntary petition remains undischarged for a period of sixty (60) days;

iv. the attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or its interest in the Premises, if such attachment or other seizure remains undismissed or undischarged for a period of sixty (60) days after the levy thereof;

v. the admission of Tenant in writing of its inability to pay its debts as they become due;

vi. the filing by Tenant of any answer admitting or failing timely to contest a material allegation of a petition filed against Tenant in any proceeding seeking reorganization, arrangement, composition, readjustment, liquidation or dissolution of Tenant or similar relief; or

vii. if within sixty (60) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed.

17. Landlord's Remedies. Upon the occurrence of an Event of Default by Tenant that is not cured by Tenant within the applicable grace periods specified in **Section 16** above, Landlord shall have all of the following rights and remedies in addition to all other rights and remedies available to Landlord at law or in equity:

(a) The right to terminate Tenant's right to possession of the Premises and to recover: (i) all Rent and Tenant's Share amounts which shall have accrued and remain unpaid through the date of termination and (ii) any other amount necessary to compensate Landlord for all the damages caused by Tenant's failure to perform its obligations under this Lease (including, without limitation, reasonable attorneys' and accountants' fees, costs of alterations of the Premises, interest costs and brokers' fees incurred upon any re-letting of the Premises).

(b) The right to continue the Lease in effect after Tenant's breach and recover Rent and any Tenant's Share amounts as they become due. Acts of maintenance or preservation, efforts to relet the Premises or the appointment of a receiver upon Landlord's initiative to protect

its interest under this Lease shall not of themselves constitute a termination of Tenant's right to possession.

(c) The right and power to enter the Premises and remove therefrom all persons and property, to store such property in a public warehouse or elsewhere at the cost of and for the account of Tenant, and to sell such property and apply the proceeds therefrom pursuant to applicable law.

(d) The right to have a receiver appointed for Tenant, upon application by Landlord, to take possession of the Premises, to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Landlord pursuant to this Section.

Landlord shall be obligated to use reasonable efforts to mitigate its damages resulting from an Event of Default.

18. Subordination; Estoppel Certificates.

(a) This Lease shall be subject and subordinate at all times to: (i) other underlying leases that may now exist or hereafter be executed affecting the Property or any portion thereof; (ii) the lien of any mortgage, deed of trust or other security instrument that may now exist or hereafter be executed in any amount for which the Property or any portion thereof, any ground leases or underlying leases, or Landlord's interest or estate therein is specified as security; provided such subordination shall be subject to Tenant's prior receipt of a Non-Disturbance Agreement from the fee owner of the Property in form and content reasonably satisfactory to Tenant and a Subordination Non-Disturbance and Attornment Agreement from every mortgagee with respect to the fee simple interest in the Property and/or Landlord's leasehold interest in the Property.

(b) Either Party, at any time and from time to time, within thirty (30) days after written request from the other, shall execute, acknowledge and deliver to the other Party, addressed to the other Party and any prospective purchaser, ground or underlying Landlord, or mortgagee or beneficiary of any part of the Property, an estoppel certificate in form and substance reasonably designated by the other Party. It is intended that any such certificate may be relied upon by the Party receiving same and any prospective purchaser, investor, ground or underlying Landlord, or mortgagee or deed of trust beneficiary of all or any part of the Property.

19. End of Term. No later than the Lease Expiration Date, Tenant shall remove its Tenant Owned Property (except as otherwise provided herein) and will peaceably yield up the Premises in broom clean condition. Notwithstanding the foregoing, Tenant shall not be responsible: (i) to repair the effects of normal wear and tear; (ii) for damage which is Landlord's responsibility to repair; (iii) for damage by fire, the elements or casualty; and (iv) for damage which is the result of the misconduct or negligence of Landlord, its contractors, agents, employees or invitees.

20. Signs. During the Term, Tenant, at its sole cost and expense, with Landlord's prior written consent which shall not be unreasonably withheld, shall be entitled to install and maintain its desired signage on the Property and Building; provided, however, (i) such signage shall be in compliance with all applicable laws; (ii) any required maintenance shall be at

Tenant's sole cost; and (iii) Tenant shall be required to remove such signage within thirty (30) days of the Lease Expiration Date (except following a casualty).

21. Parking Area. Tenant shall have the right to park in the Building parking facilities in common with other tenants in the Building. Without Tenant's prior written consent, which such consent shall not be unreasonably withheld, conditioned or delayed (it being agreed that in the event that if any such proposed exclusive would adversely affect Tenant's parking rights, Tenant shall be reasonable in refusing its consent thereto), Landlord shall not grant to any other tenant an exclusive right to any of the parking spaces located on the Property.

22. Notices. All notices or other communications required hereunder shall be in writing and shall be deemed duly given: (a) when delivered in person (with receipt therefor); (b) on the next business day after deposit with a recognized overnight delivery service; or (c) upon receipt (or the date delivery is refused) after being sent by certified or registered mail, return receipt requested, postage prepaid, to the addresses of the Landlord and Tenant set forth below. Upon not less than fifteen (15) days' written notice, either Party may change its address for the giving of notices by notice given in accordance with this **Section 22**. A Party's refusal to accept delivery of any notice or communication sent by the other Party shall not render such notice ineffective.

A copy of all notices sent to Landlord shall be delivered to:

Forsyth County
Dudley Watts
County Manager
201 N. Chestnut Street
Winston-Salem, NC 27101

A copy of all notices sent to Tenant shall be delivered to:

Cardinal Innovations Healthcare
550 South Caldwell Street, Suite 1500
Charlotte, NC 28202
Attn: General Counsel

23. Guaranty. [Intentionally deleted].

24. Early Termination. [Intentionally deleted].

25. Miscellaneous Provisions.

(a) Landlord, its agents, employees and independent contractors shall have the right to enter the Premises upon not less than two (2) business days' notice to: (i) inspect the Premises; (ii) supply any service or repair to be provided or performed by Landlord to Tenant; (iii) show the Premises to prospective purchasers, mortgagees, beneficiaries or (no earlier than six (6) months prior to the expiration of this Lease) tenants; (iv) determine whether Tenant is

complying with its obligations under this Lease; and (v) alter, improve or repair the Premises or any other portion of the Building. Notwithstanding the foregoing, Landlord shall not be required to provide prior notice to Tenant in the event of an emergency. Except to the extent caused by Landlord's gross negligence or willful misconduct, Tenant waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, any right to abatement of Rent or Tenant's Share, or any other loss occasioned by Landlord's exercise of any of its rights under this **Section 25(a)**. To the extent reasonably practicable, any entry shall occur during normal business hours.

(b) The terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and, except as otherwise expressly provided herein, their respective personal representatives and successors and assigns; provided, however, that upon the sale, assignment or transfer by Landlord (or by any subsequent Landlord) of its interest in the Building or Property as owner or Tenant, including, without limitation, any transfer upon or in lieu of foreclosure or by operation of law, Landlord (or subsequent Landlord) shall be relieved from all subsequent obligations or liabilities under this Lease, and all obligations subsequent to such sale, assignment or transfer (but not any obligations or liabilities that have accrued prior to the date of such sale, assignment or transfer) shall be binding upon the grantee, assignee or other transferee of such interest. Any such grantee, assignee or transferee, by accepting such interest, shall be deemed to have assumed such subsequent obligations and liabilities.

(c) If any provision 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 provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall remain in effect and shall be enforceable to the full extent permitted by law.

(d) The terms of this Lease (including, without limitation, any exhibits and schedules to this Lease) are intended by the Parties as a final expression of their agreement with respect to such terms as are included in this Lease and may not be contradicted by evidence of any prior or contemporaneous agreement, arrangement, understanding or negotiation (whether oral or written). The Parties further intend that this Lease constitutes the complete and exclusive statement of its terms, and no extrinsic evidence whatsoever may be introduced in any judicial proceeding involving this Lease. Neither Landlord nor Landlord's agents have made any representations or warranties with respect to the Premises, the Building, the Property or this Lease except as expressly set forth herein. The language in all parts of this Lease shall in all cases be construed as a whole and in accordance with its fair meaning and not construed for or against any Party by reason of such Party having drafted such language.

(e) All of Tenant's and Landlord's covenants and obligations contained in this Lease which by their nature might not be fully performed or capable of performance before the expiration or earlier termination of this Lease shall survive such expiration or earlier termination. No provision of this Lease providing for termination in certain events shall be construed as a limitation or restriction of Landlord's or Tenant's rights and remedies at law or in equity available upon a breach by the other Party of this Lease.

(f) The laws of the State of North Carolina shall govern the validity, performance, and enforcement of this Lease. The parties agree that the state courts of North Carolina sitting in Forsyth County shall be the exclusive venue for any proceeding between the parties with respect to this Lease.

(g) This Lease may only be amended, modified or supplemented by an agreement in writing duly executed by both Landlord and Tenant.

(h) Nothing contained in this Lease shall be construed so as to confer upon any other party the rights of a third party beneficiary.

26. HIPAA. Each Party acknowledges and understands that it may have incidental contact and access to protected health information ("PHI") of the other Party's patients, or members as the case may be, during the term of this Lease as such term is defined in the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). Each Party agrees that it will not use or disclose PHI of the other Party in a manner that is inconsistent with HIPAA. Landlord and Tenant agree to enter into an amendment of this Lease as necessary to comply with applicable federal and state laws and regulations related to HIPAA and governing the use and/or disclosure of PHI, provided, however, any such amendment shall be prepared at Tenant's sole cost and expense, and further provided that in no event shall any such amendment impose any materially increased or additional obligations on Landlord, nor reduce or limit any of the obligations of Tenant or give Tenant any additional rights or remedies under this Lease beyond those as are set forth herein. Landlord and Tenant further agree to enter into a Business Associate Agreement, if such is deemed necessary in order to comply with subsequent amendments and regulations to HIPAA, provided, however, any such Business Associate Agreement shall be prepared at Tenant's sole cost and expense, and further provided that in no event shall any such Business Associate Agreement impose any materially increased or additional obligations on Landlord, nor reduce or limit any of the obligations of Tenant or give Tenant any additional rights or remedies under this Lease beyond those as are set forth herein.

27. Modification to Comply With Law. It is the desire of Landlord and Tenant that this Lease comply in all respects with the applicable federal and state laws and regulations, particularly those relating to Medicaid reimbursement and to Tenant's tax-exempt status. Therefore, Landlord and Tenant agree to negotiate in good faith to modify this Lease in any manner necessary to ensure such compliance with applicable laws, rules and regulations, including those relating to Medicaid reimbursement and relating to Tenant's tax-exempt status or the tax-exempt status of any of its affiliates and to eliminate the imposition of intermediate sanctions under Section 4958 of the Internal Revenue Code if applicable; provided, however, any such modification shall be prepared at Tenant's sole cost and expense, and further provided that in no event shall any such modification impose any materially increased or additional obligations on Landlord, nor reduce or limit any of the obligations of Tenant or give Tenant any additional rights or remedies under this Lease beyond those as are set forth herein. The terms of this section will survive the termination or expiration of this Lease.

28. Landlord Default. It shall be a default and a breach of this Lease by Landlord if any covenant or obligation required to be performed or observed by it under this Lease is not so performed for a period of thirty (30) days after written notice thereof from Tenant; provided, however, that if the term, condition, covenant or obligation to be performed by Landlord is of

such nature that the same cannot reasonably be performed within said thirty (30) day period, such default shall be deemed to have been timely cured if Landlord commences such performance within said thirty (30) day period and thereafter diligently completes the cure within a reasonable period of time. Upon the occurrence of any such Landlord default, Tenant may terminate this Lease without any liability to Landlord or sue for injunctive relief, or sue to recover actual damages (but not special, consequential or punitive damages) for any loss resulting from the breach of this Lease. Additionally, in the event of an emergency or if Landlord does not cure such default within the applicable notice and cure periods, Tenant shall notify Landlord and shall have the right, but not the obligation, to perform any obligation of Landlord hereunder and deduct the cost thereof against future installments of Rent or any Tenant's Share amounts owed by Tenant.

29. Waiver of Subrogation. Notwithstanding any contrary provision contained in this Lease, Landlord and Tenant hereby waive any and all rights of recovery, claim, action or cause of action against the other, its agents, employees, officers, partners, servants, shareholders, members or managers for any loss or damage that may occur to the Premises or any personal property located therein or arising by reason of fire, the elements or any cause which would be insured against under the terms of insurance required to be carried by a party under this Lease, regardless of cause or origin. Landlord and Tenant will each endeavor to secure the inclusion in or an endorsement on any property insurance policy insuring their respective property (whether real or personal) provisions by which a waiver of such subrogation is effected or authorized to be effected by the insured; provided, however, that a failure by either party to secure such inclusion or endorsement as aforesaid shall not in any manner affect the provisions of the above mutual release.

30. No Joint Venture. This Lease does not create any obligation or relationship such as a partnership, joint venture, or other legal relationship under the laws of any state or the federal government, other than that of Landlord and Tenant. No correspondence or other references to "partners" or other similar terms, and no authorization by either party in favor of the other party or its attorneys or agents to file, apply for, or seek any governmental approvals, will be deemed to alter, amend or change the relationship between the parties hereto unless there is a formal written agreement specifically detailing the rights, liabilities and obligations of the parties as to a new, specifically defined legal relationship.

31. Limitation of Liabilities.

(a) In the event of any conveyance or other divesture of title to the Premises by Landlord, the grantor or the person who is divested of title shall be entirely freed and relieved of all covenants and obligations thereafter accruing hereunder, and the grantee or the person who otherwise succeeds to title shall be deemed to have assumed the covenants and obligations of Landlord thereafter accruing hereunder and shall then be the "Landlord" under this Lease. Notwithstanding anything to the contrary provided in this Lease, there shall be absolutely no personal or corporate liability on the part of Landlord or any member, manager, partner, stockholder, director, officer, employee of Landlord and its agents, consultants and attorneys, with respect to the terms, covenants or conditions of this Lease, and Tenant shall look solely to the interest of Landlord in the Premises for the satisfaction of each and every remedy which Tenant may have for a breach of this Lease; such exculpation from personal and corporate liability to be absolute and without any exception whatsoever.

(b) Notwithstanding anything to the contrary provided in this Lease, there shall be absolutely no personal or corporate liability on the part of any member, manager, stockholder, director, officer, employee of Tenant and its agents, consultants and attorneys, with respect to Tenant's performance of its duties under the terms, covenants or conditions of this Lease.

[SEPARATE SIGNATURE PAGES FOLLOW]

**SEPARATE SIGNATURE PAGE
LEASE AGREEMENT**

IN WITNESS WHEREOF, the Parties hereby execute and deliver this Lease as of the date first written above.

LANDLORD:

FORSYTH COUNTY

By _____
Name _____
Title _____
Date _____

**SEPARATE SIGNATURE PAGE
LEASE AGREEMENT**

IN WITNESS WHEREOF, the Parties hereby execute and deliver this Lease as of the date first written above.

TENANT:

CARDINAL INNOVATIONS HEALTHCARE

By _____
Name _____
Title _____
Date _____

EXHIBIT A

Property Description

Being those portions of Tax Parcel # 6835-58-4084 and 6835-58-0683 as shown outlined on Exhibit A-1 and Exhibit A-2 attached hereto.

EXHIBIT A-2

For parking purposes only.

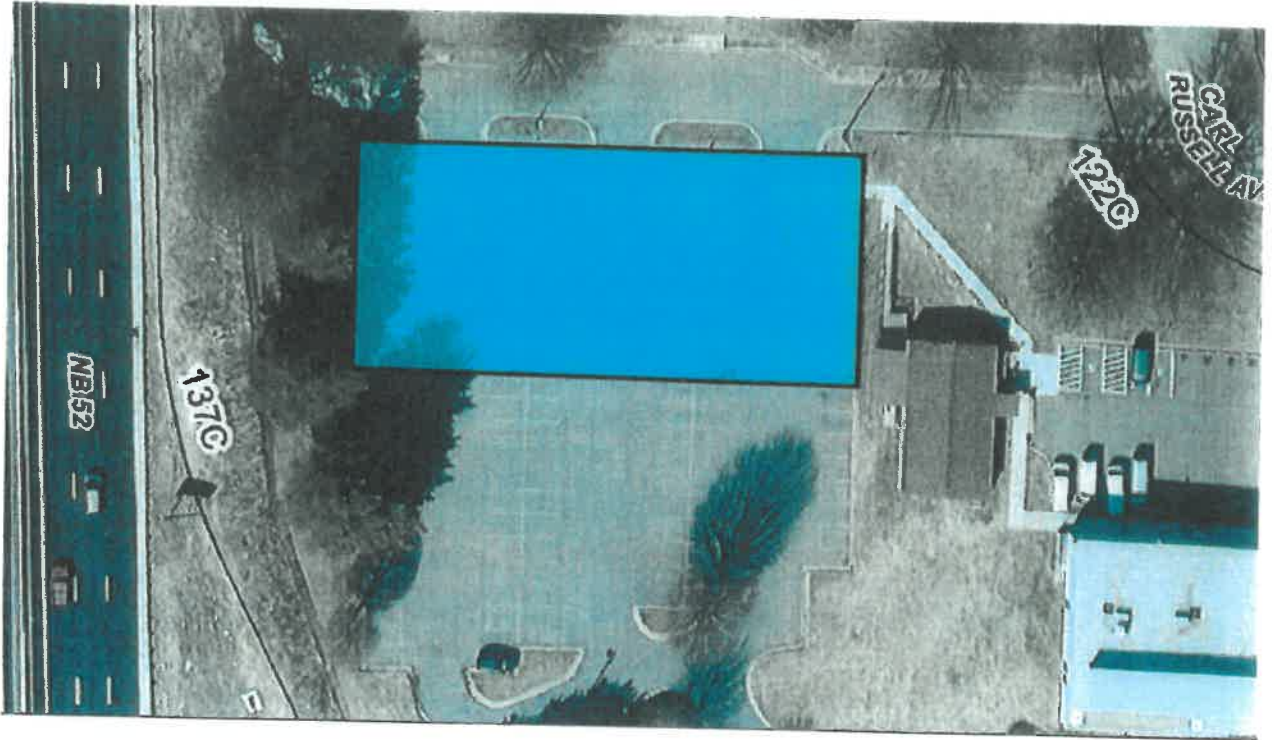


EXHIBIT B

PREMISES

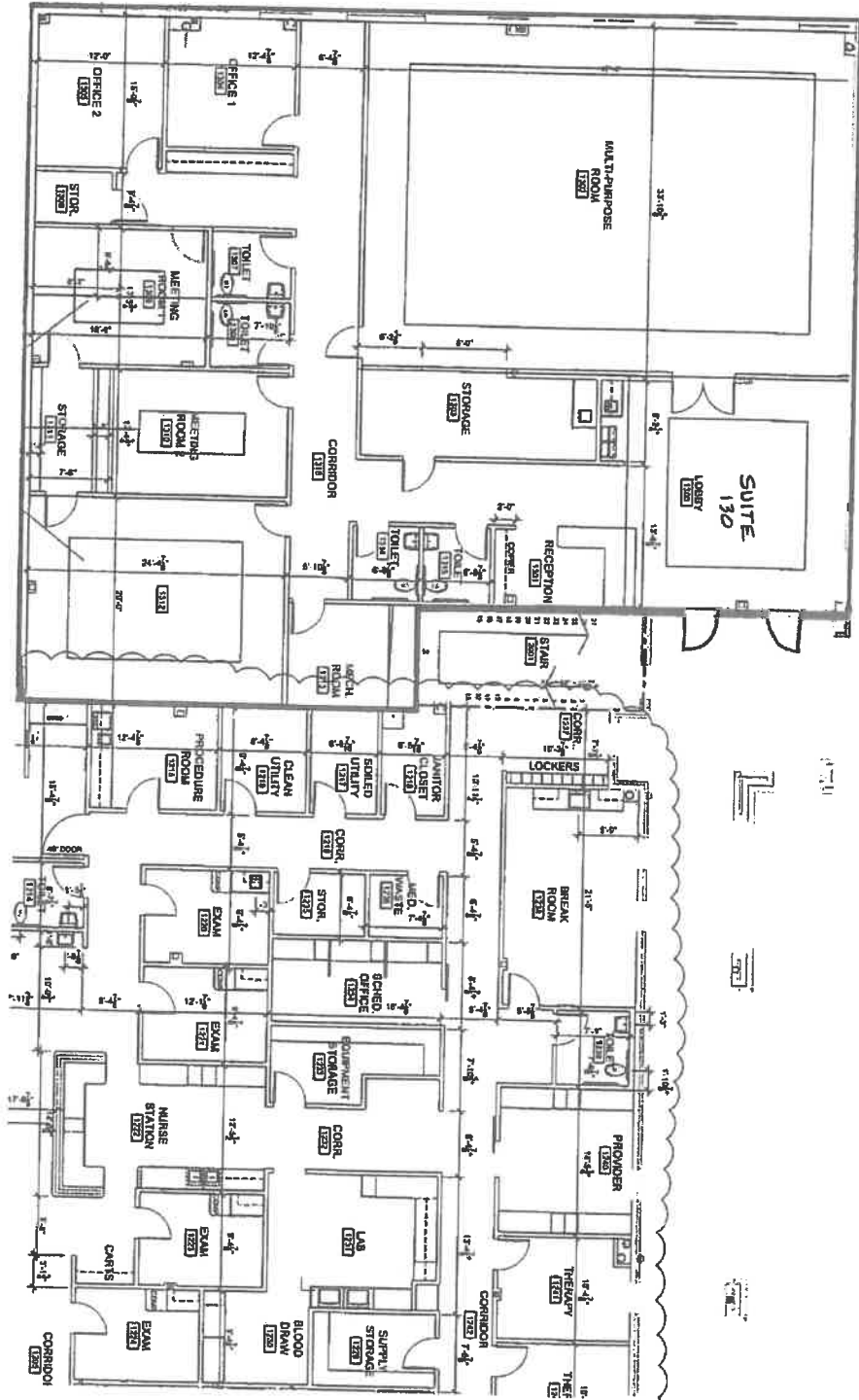


EXHIBIT C

RULES AND REGULATIONS

The following rules and regulations have been adopted by the Landlord for the care, protection and benefit of the Building and for the general comfort and welfare of the tenants:

1. No Obstruction. The sidewalks, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls shall not be obstructed or encumbered by Tenant or used for any purpose other than ingress and egress to and from the Premises and for delivery of merchandise and equipment in prompt and efficient manner, using elevators and passageways designated for such delivery by Landlord.
2. Building Facade and Window Treatments. No awnings, air conditioning units, fans or other projections shall be attached to the outside walls of the Building. No curtains, blinds, shades or screens, other than those which conform to Building standards as established by Landlord from time to time, shall be attached to or hung in, or used in connection with, any window or door of the Premises, without the prior written consent of Landlord, which shall not be unreasonably withheld. Such awnings, projections, curtains, blinds, shades, screens or other fixtures must be of a quality, type, design and color, and attached in the manner, reasonably approved by Landlord. All electrical fixtures hung in offices or spaces along the perimeter of the Premises must be of a quality, type, design and bulb color approved by Landlord, which consent shall not be withheld unreasonably unless the prior consent of Landlord has been obtained for other lamping.
3. Signs and Advertisements. Except as permitted by the Lease, no sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by Tenant on any part of the outside of the Premises or Building or on the inside of the Premises if the same can be seen from the outside of the Premises, without the prior written consent of Landlord, which shall not be unreasonably withheld, except that the name of Tenant may appear on the entrance door of the Premises. In the event of the violation of the foregoing by Tenant, if Tenant has refused to remove same after reasonable notice from Landlord, Landlord may remove same without any liability, and may charge the expense incurred by such removal to Tenant. Interior signs on doors and directory tablet shall be of a size, color and style reasonably acceptable to Landlord.
4. No Obstruction of Light and Air. The exterior windows and doors that reflect or admit light and air into the Premises or the halls, passageways or other public places in the Building, shall not be covered or obstructed by Tenant.
5. No Showcases. No showcases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the halls, corridors or vestibules, nor shall any article obstruct any air conditioning supply or exhaust without the prior written consent of Landlord.
6. No Misuse of Fixtures. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, acids or other substances shall be deposited therein.

7. Alterations. Subject to the provisions of **Section 10** of this Lease, Tenant shall not mark, paint, drill into, or in any way deface any part of the Premises or the Building. No boring, cutting or stringing of wires shall be permitted, except with the prior written consent of Landlord, and as Landlord may direct.
8. Prohibited Uses. No space in the Building shall be used for manufacturing, for the storage of merchandise, or for the sale of merchandise, goods or property of any kind at auction or otherwise.
9. Noise, Disturbance and Interference. Tenant shall not make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them whether by the use of any musical instrument, radio, television set, talking machine, unmusical noise, whistling, singing or in any other way.
10. No Inflammable, Combustible and Explosive Materials. Tenant, or Tenant Parties, shall not at any time bring or keep upon the Premises any inflammable, combustible or explosive fluid, chemical or substance, except to the extent such actions are incidental to the Permitted Use.
11. Additional Locks. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made to existing locks or the mechanism thereof, unless Tenant promptly provides Landlord with the key or combination thereto. Tenant must, upon the termination of its tenancy, return to Landlord all keys of stores, offices and toilet rooms, and in the event of the loss of any keys furnished at Landlord's expense, Tenant shall pay to Landlord the cost thereof.
12. Bicycles, Vehicles and Animals. No bicycles, vehicles or animals of any kind except for seeing eye dogs shall be brought into or kept by Tenant in or about the Premises or the Building.
13. Heavy Items. All removals, or the carrying in or out of any safes, freight, furniture or bulky matter of any description must take place in the manner and during the hours which Landlord or its agent reasonably may determine from time to time. Landlord reserves the right to inspect all safes, freight or other bulky articles to be brought into the Building and to exclude from the Building all safes, freight or other bulky articles which violate any of these Rules and Regulations or the Lease, including, without limitation, any load factor restrictions for each floor.
14. Occupancy. Tenant shall not occupy or permit any portion of the Premises demised to it to be occupied as an office for a public stenographer or typist, or for the possession, storage, manufacture, or sale of liquor or narcotics or as a barber or manicure shop, or as an employment bureau. Tenant shall not engage or pay any employees on the Premises, except those actually working for Tenant at the Premises, nor advertise for labor giving an address at the Premises.
15. Service Providers. Tenant shall not purchase spring water, ice, towels or other like service, or accept barbering or bootblacking services in the Premises: (a) from any company or

persons not approved by Landlord, and (b) during hours or under regulations other than as reasonably fixed by Landlord.

16. Building Identification. Landlord reserves the right to exclude from the Building between the hours of 6 p.m. and 8 a.m. and at all hours on days other than business days all persons who do not present a pass to the Building signed or approved by Landlord. Tenant shall be responsible for all persons for whom a pass shall be issued at the request of Tenant and shall be liable to Landlord for all acts of such persons. Landlord shall in no case be liable for damages for error with regard to the admission to or exclusion from the Building of any person.

17. No Canvassing, Solicitation or Peddling. Canvassing, soliciting and peddling in the Building are prohibited and Tenant shall cooperate to prevent the same.

18. Deliveries and Hand Trucks. There shall not be used in any space, or in the public halls of the Building, either by Tenant or by jobbers or others, in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards.

19. Protection of Premises. Tenant assumes any and all responsibility for protecting the Premises from theft, robbery, and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

20. Notice of Accidents or Defects. Tenant shall give prompt notice to Landlord of any accidents to or defects in plumbing, electrical fixtures, or heating apparatus so that such accidents or defects may be attended to promptly.

21. Observance of Rules and Regulations. Tenant shall be responsible for the observance of all of the foregoing Rules and Regulations by its employees, agents, clients, customers, invitees and guests (including Tenant Parties).