

NORTH CAROLINA
DURHAM COUNTY

LEASE OF NON-RESIDENTIAL PROPERTY

This Lease is made as of the ___ day of _____, 2012 between the City of Durham ("Landlord") and Museum of Durham History ("Tenant").

1. GRANT. The Landlord hereby leases to the Tenant, and the Tenant accepts, a certain parcel of land together with the improvements thereon and the fixtures therein, located at 521 W. Morgan Street and sited on County Tax Parcel 103112, in the County of Durham, North Carolina ("the Premises"). The Premises are _____ are not located in the City of Durham.

2. TERM. This Lease is for a period of three year(s) and shall begin on _____ and expire on _____.

3. RENT. DEPOSIT. (a) The Tenants shall pay to the Landlord as rent the sum of **\$1800.00** for each year of the term. Rent payments are due, in advance, without set-off, deduction, or demand, on or before the tenth day of the first month of the term and payments for subsequent years shall be due on or before the tenth day of the first month each year thereafter. See Section 14 (Late Payments)

(b) Tenant shall pay a security deposit in the amount of **\$N/A**

4. PURPOSE. The Tenant may not use the property for any purpose other than: ___ commercial ___ industrial other specify): Operation of a Museum of Durham History

5. RETURNED CHECKS. Tenant shall pay thirty dollars (\$30.00) for each check returned for insufficient funds or because the drawer had no account at the bank.

6. EXTENSION OF LEASE TERM. Tenants may extend the term by N/A, by sending notice to the Landlord at least 60 days before the expiration of the term.

7. TERMINATION OF LEASE TERM. Part "a" of Section [] (TERMINATION, CASUALTY, AND EMINENT DOMAIN) applies ___ does not apply to this Lease.

8. **CONDITION OF PREMISES AND REPAIRS.** (a) The Tenant having inspected the Premises, it is agreed that they are in good repair and are fit as of the beginning of the term. The Tenant shall immediately notify the Landlord of all damage to the Premises, need for repairs, and situations that might reasonably be expected to result in damage. If the Landlord makes repairs that are chargeable to the Tenant, such charges shall be added to and included as part of the rent, but shall be paid within fifteen (15) days of billing by the Landlord. This Lease does not give Tenant any authority either to obligate the Landlord to pay any third party for any labor or materials or to suffer liens to be placed on the Premises. (b) Tenant shall compensate the Landlord for damage to the Premises caused by all negligent, willful, or intentional acts and omissions by the Tenants and any of Tenant's agents, invitees, licensees, and contractors. Tenant shall not allow any "Environmental Contamination" (defined in Section [21] (INDEMNIFICATION)) below to be released onto the Premises by itself or its agents, contractors, invitees, or licensees, and Tenant shall clean up said releases if they occur. (c) Landlord shall at its expense maintain principal structure members, and exterior masonry walls, if any, not including windows, of the building located on the Premises. Additionally, Landlord will provide for the Premises roof to be leak-free and the Premises HVAC system to be in working order at inception of the lease term. **Tenant shall make all other repairs and replacements needed to keep the building and its systems (including the HVAC, plumbing, electrical wiring, appliances, painting, glass, and all equipment) in good condition and state of repair.** Provided there is compliance with applicable laws and regulations of governmental authorities and upon prior written approval of the City Manager or his designee, the Tenant shall have the right to make additions, modifications, and improvements to the Premises, provided that the costs of these additions, modifications, and improvements shall be paid for by the Tenant and shall, when made, become a part of the Premises.

9. **USE AND CARE OF THE PREMISES.** The Premises shall not be used in any way that exposes the improvements to any unreasonable risk of damage from fire. Without written permission from the Landlord, the Tenant shall not permit or keep any kerosene or gasoline on the Premises unless in properly constructed tanks attached to motor vehicles. The Tenant shall keep the Premises in a presentable condition, including clean of trash and garbage. The Tenant shall not use or allow the use of any illegal drugs on the Premises. No trees or shrubbery shall be removed without first obtaining written permission from the Landlord. The Tenant shall not violate any lawful requirements of all public authorities regarding use of the Premises, including applicable zoning and building codes. No animals may be kept on the Premises without the Landlord's written consent.

10. **ALTERATIONS. FIXTURES. Tenant shall not paint or alter the Premises without the Landlord's written consent.** Any such work must be done a workmanlike manner. Tenant may, prior to the expiration of the term of this Lease, remove from the Premises any fixtures that Tenant may have installed, whether affixed or not; provided, however, that any damages done to the Premises by the installation of such fixture or by such removal will be repaired at Tenant's expense. Any fixtures remaining

in the Premises after the expiration of the term shall be the property of the Landlord. Any improvements and repairs to the Premises, unless removed pursuant to this section, shall inure to and be to the benefit of the Landlord.

11. KEYS. The Tenant shall not add or change any locks without the Landlord's written consent. At the end of the term, the Tenant shall give to the Landlord all keys that Tenant has for the Premises, including any keys made from Landlord's keys.

12. UTILITIES. The Tenant shall pay all proper charges for all utilities, including oil, gas, electricity, water, sewer, garbage pickup, cable, and telephone.

13. USE OF SECURITY DEPOSIT. The security deposit shall be used only as a credit toward these charges: nonpayment of rent, any unpaid bills which become a lien against the Premises due to Tenant's occupancy, damage to the Premises, nonfulfillment of the rental period, costs of re-renting the Premises after breach by the Tenants, costs of removal and storage of property of any of the Tenants after a summary ejectment proceeding, court costs (including to the extent allowed by law, reasonable attorney's fees) in connection with terminating a tenancy, and to the extent allowed by law, all other losses attributable to any breach of any provision of this lease by the Tenant. When Tenant vacates the Premises, if it is not reasonably clean, the Tenant shall be charged to clean it, and the security deposit may be applied to this charge. If the security deposit is insufficient to pay any of the charges referred to in this section, the Tenant shall be liable for such excess. No part of the security deposit may be retained by the Landlord for normal wear and tear. On termination of the tenancy, the deposit, except any amounts properly retained by the Landlord, shall be refunded to the Tenant with an itemized statement of the amounts withheld, within thirty (30) days after termination of the tenancy and delivery of possession by the Tenant.

14. LATE PAYMENTS. If the full rental payment is not received by the Landlord on or before the tenth day of the month due, Tenants shall pay a late fee of five percent (5%) of the rental payment or fifteen dollars (\$15.00), whichever is greater.

15. POSSESSION. The Landlord shall not be liable for its failure to deliver possession because of a cause beyond its reasonable control, including holdover by a previous tenant. However, the rent shall be prorated to reduce the rent for the period during which the Landlord fails to deliver possession.

16. ASSIGNMENT AND SUBLETTING. The Tenant may neither assign nor sublet either any rights in, or any part of, the Premises without the written consent of the Landlord, which shall not be unreasonably withheld. The Tenant shall remain liable to the Landlord under this Lease regardless of assignments or subleases

17. TAXES AND INSURANCE. During the term of this lease, the Landlord shall pay all taxes and assessments imposed on the Premises. Any insurance that the Landlord may obtain on the Premises is for the benefit of the Landlord, not the benefit of the Tenant.

Landlord shall not provide either any liability insurance to protect Tenant or insurance against loss or damage to Tenant's property. Tenant shall maintain insurance not less than the following:

Commercial General Liability, covering:

- operations
- Products/completed operations (two years minimum, from project completion)
- Broad form property damage
- Contractual liability
- Independent contractors, if any are used in the performance of this contract
- City of Durham must be named additional insured, and an original of the endorsement to effect the coverage must be attached to the certificate (if by blanket endorsement, then agent may so indicate in the GL section of the certificate, in lieu of an original endorsement)
- Combined single limit not less than \$2,000,000 per occurrence, with an annual aggregate of not less than \$4,000,000.

18. ACCESS. The Landlord shall keep keys to the Premises. The Landlord and its agents and contractors may enter the Premises, including the interior, in case of emergency or with the consent of the Tenants. Without limiting its rights under the preceding sentence, the parties agree that the Landlord and its agents and contractors may enter the Premises, excluding the interior, during daylight hours to make surveys, repairs, improvements, inspections, and do other work. During the last ten weeks of the term and until the Premises have been rented beyond the term or sold, Tenant shall permit Landlord to show the Premises, including the interior, to prospective tenants or purchasers, from 8:00 AM - 4:30 PM, Monday - Friday. The Landlord may place and maintain for sale and for rent signs on the Premises.

19. VACATING. (a) The Tenant shall surrender vacant possession of the Premises on or before the end of the term. Time is of the essence in complying with the preceding sentence. (b) On vacating the Premises, the Tenant shall see that all utilities are paid in full and disconnected (unless other arrangements are made with the Landlord), that the Premises (including, if applicable, plumbing fixtures, stoves, refrigerators, and sinks) are clean, that the doors and windows are closed and locked, and that all other provisions of this Lease are complied with. So that Landlord may provide security to the Premises after the Premises are vacant and may use the Premises for its purposes, Tenant shall notify Landlord in advance of the expected date that the Premises will become vacant and shall also notify Landlord within one working day after the Premises actually become vacant. This subsection "b" applies even if Tenant vacate before the end of the term. (c) If the Tenant fails to comply with its obligations under this section, Tenant shall be liable for resulting damages suffered by the Landlord, including, if applicable, the inability to use the Premises for the purposes for which the Landlord has provided notice to the Tenant, which notice may be given before or during the term.

20. DEFAULT. (a) If the Tenant fails to pay the rent when due or fails to perform

any other material obligation under this Lease, or if a material purported fact in the Tenant's rental application is substantially false, or if a bankruptcy case designating Tenant as a debtor is commenced or Tenant is made the subject of insolvency proceedings, and such failure, event, or condition continues for ten days after notice of such failure, event, or condition is sent, then the Landlord may at any time (i) terminate this Lease and cause the Tenant's estate to be ceased, or (ii) terminate the Tenant's right to possession of the Premises without causing the Tenant's estate to be ceased or terminating this Lease. In either event, the Tenant shall deliver possession of the Premises to the Landlord. In addition, the Landlord may reenter and take possession in accordance with legal procedures. If the Landlord terminate this Lease, the Tenant shall be liable for accrued rent, damages resulting from the Tenant's breach, and other accrued obligations and liabilities. If the Landlord terminates the Tenant's right to possession without terminating the Lease, this Lease shall remain in effect, and the Landlord shall make reasonable efforts to re-let the Premises on the Tenant's behalf. Tenant shall compensate the Landlord for the costs and expenses of such efforts. (b) The Landlord's waiver of or failure to exercise or enforce any of its rights under this Lease shall not constitute a waiver of any right thereafter. The Landlord's rights under this section are in addition to other rights under this Lease or as provided by law.

21. INDEMNIFICATION. (a) To the maximum extent allowed by law, Tenant shall defend, indemnify, and save harmless Indemnitees from and against all Charges that arise in any manner from, in connection with, or out of this Lease or out of the use or occupancy of the Premises pursuant to this Lease, including for Environmental Contamination. In performing its duties under this subsection "a", Tenant shall at Tenant's sole expense defend Indemnitees with legal counsel reasonably acceptable to Landlord. (b) Definitions. As used in subsections "a" and "c" of this section -- "Charges" means claims, judgments, costs, damages, losses, demands, liabilities, obligations, fines, penalties, settlements, and expenses (included within "Charges" are interest and reasonable attorneys' fees assessed as part of any such item). "Environmental Contamination" means petroleum products (including oil, gasoline, and kerosene), hazardous wastes, hazardous substances, hazardous materials, toxic substances, toxic wastes, hazardous air pollutants, and toxic pollutants, as those terms are used in any federal, state, or local laws, rules, regulations, codes, and ordinances, as amended from time to time. "Indemnitees" means Landlord and its officers, officials, independent contractors, agents, and employees, and does not include Tenant. (c) Limitations of Tenant's Obligation. Subsection "a" of this section shall not require Tenant to indemnify or hold harmless Indemnitees against liability for damages arising out of bodily injury to persons or damage to property proximately caused by or resulting from the negligence, in whole or in part, of Indemnitees.

22. ADA. If Tenant receives any notice or document (i) which alleges any violation of the Americans with Disabilities Act ("ADA") relating to the Premises, or (ii) which pertains to any claim made or threatened relating to the Premises regarding alleged noncompliance with the ADA, or (iii) which pertains to any governmental or regulatory action or investigation instituted or threatened relating to the Premises regarding alleged

noncompliance with the ADA, Tenant shall, within ten (10) days after receipt of such notice or document, provide the Landlord with a copy.

23. TERMINATION, CASUALTY, AND EMINENT DOMAIN. (a) If the term ends early, and if Tenant has paid rent in advance, it shall be entitled to a prorata refund for the rent attributable to the time after the end of the term. (b) If fire or other casualty renders the Premises uninhabitable, and if the casualty is not the fault of Tenant or any person for whose acts or omissions Tenant is liable, and if Landlord cannot or does not make the Premises reasonably useable for Tenant's purposes within ten days afterwards, Tenant may, by sending notice to the Landlord within fifteen days of the casualty, terminate the term effective as of the date of the casualty. (c) If fire or other casualty substantially damages the Premises, and if the casualty is not the fault of Tenant or any person for whose acts or omissions Tenant is liable, and if Landlord cannot or does not substantially repair the Premises within twenty days afterwards, Tenant may, by sending notice to the Landlord within twenty-five days of the casualty, terminate the term effective as of the date of the casualty. (d) If fire or other casualty renders the Premises unusable for the Tenant's purposes, the Landlord may, by sending notice to the Tenant within twenty days of the casualty, terminate the term effective as of the date of the casualty. (e) If an authority with the power of eminent domain acquires an interest in the Premises that substantially affects their use for Tenant's purposes, Tenant may, by sending notice to the Landlord within thirty days of the taking of possession by the authority, terminate the term effective as of the date of the taking of possession by the authority. (f) Each subsection of this section is intended to be independent of the other subsections of this section.

24. EFFECTS ON OTHER RIGHTS. The Landlord shall not be liable for any loss or damage occurring to the personal property of Tenant, except through the intentional act of the Landlord, and except as otherwise provided by law or this Lease. Nothing in this Lease shall limit the City of Durham's governmental powers regarding the Premises, including eminent domain, zoning, subdivision, and police.

25. RENEWAL. If the parties fail otherwise to agree in writing respecting the extension or renewal of the term, the following shall apply: If the expiring term is one year or longer, and if Tenant has already paid the rent for the last month of the term, and if Tenant tenders payment to the Landlord in an amount equal to the rent for the last month of the term, or if Tenant remains in possession of the Premises after the expiration of that term, the Landlord may, at the Landlord's option, extend the term by one (1) year by sending notice to the Tenant of such decision. Acceptance of such payment by the Landlord without giving such notice shall create a lease on the same terms and conditions as this Lease except that the term shall be month-to-month and the number of days in Section 23(a) (TERMINATION, CASUALTY, AND EMINENT DOMAIN) shall be deemed to be ten (10) instead of twenty-five (25). Acceptance of such payment or extension of the Lease shall not constitute a waiver of past-due rent or of any other rights of the parties. This section is not intended to limit the Tenant's rights under Section 6 (EXTENSION OF LEASE TERM), and Section 6 (EXTENSION OF LEASE TERM) is

not intended to limit the Tenant's rights under this section.

26. ADDRESSES. NOTICES. Notices to the Tenant shall be in writing and sent to it at the address of the Premises. Notices to the Landlord shall be in writing, and such notices and rent payments shall be sent to:

City of Durham
101 City Hall Plaza
Durham, NC 27701
General Services
Real Estate Department

By sending a notice stating its new address, either party may change the address to which notices and rent may be sent.

27. INTERPRETATION. Unless the context requires otherwise, the singular includes the plural, and vice versa. "Including" and "included" mean including or included but not limited to. Section headings are not for interpretation of this Lease. In Section 2 (TERM), if the period stated conflicts with the expiration date stated, the period shall control. In case of conflict, Section 21(c) (INDEMNIFICATION) controls over Section 8 (b) (CONDITION OF PREMISES AND REPAIRS), which in turn controls over Section 8(c)(CONDITION OF PREMISES AND REPAIRS).

IN WITNESS WHEREOF, the parties executed this Lease as of the date written above.

LANDLORD:

CITY OF DURHAM

ATTEST:

By: _____

TENANT:

By: _____

Title of officer: _____

State of North Carolina

ACKNOWLEDGMENT BY CORPORATION

County of _____

I, a notary public in and for the aforesaid county and state, certify that
_____ personally appeared before me this day and stated that he
or she is _____ of Museum of Durham History, a corporation, and
that by authority duly given and as the act of the corporation, he or she signed the foregoing
contract or agreement with the City of Durham and the corporate seal was affixed thereto. This
the _____ day of _____, 2012.

My commission expires:

Notary Public