

**LEASE BETWEEN EDGEMONT TENANT, LLC AND CITY OF DURHAM FOR SPACE IN BUILDING 5 OF GOLDEN BELT, 807 EAST MAIN STREET, DURHAM, NC**

This Lease is made, dated, and entered into as of the \_\_\_\_ day of \_\_\_\_, 2013 between EDGEMONT TENANT, LLC ("Landlord"), and the CITY OF DURHAM ("Tenant"). Landlord is a North Carolina limited liability company.

**1. VARIABLES.** This Section 1 includes those provisions that vary from the standard lease of Tenant as set forth beginning with Section 2 below. Exhibit A also includes provisions that may vary from the standard lease and from this Section 1.

(a) Premises: The Premises consist of approximately Six Thousand Two Hundred Sixty-Four (6,264) rentable square feet on the ground floor of Building Five (5) on certain land at 807 East Main Street, Durham, NC (the "Land") as more particularly described as being all of Lots 1-9 as shown on plats recorded in the Plat Book 180, Pages 187-189, Plat Book 180, Pages 190-192, and Plat Book 180, Pages 193-195, Durham County. An existing floor plan of the Premises is attached hereto and made a part hereof as Exhibit A. The Premises are intended to house Tenant's Office of Economic and Workforce Development ("OEWD"). Common Areas are described in Section 6 hereof.

(b) Term: (i) TO HAVE AND TO HOLD the Premises and the non-exclusive use of the Common Areas for a term commencing on the first Business Day following completion of the Tenant Improvements (as defined herein) at 8:00 AM and ending on the date which is ten (10) years after the Commencement Date at 5:00 PM (the "Termination Date"), unless sooner terminated pursuant to the provisions hereof. The Commencement Date may be extended at the option of the Landlord due to delays beyond the control of Landlord where such delays adversely affect the schedule for delivery by Landlord of the Premises to Tenant (the "Schedule") , including, but not limited to, (1) delays in the issuance of permits or other approvals by the City of Durham, (2) delays in the availability of materials, (3) delays in the availability of subcontractors, (4) acts of God and force majeure, including inclement weather, and (5) any Tenant Delay, defined as delays caused by Tenant, its agents, employees, invitees, licensees, consultants or independent contractors to the extent Tenant and said agents, employees, invitees, licensees, consultants, or independent contractors are involved with preparing the Premises for Tenant's occupancy; it being agreed that Landlord will make all commercially reasonable efforts to meet those deadlines. To the extent the City or its employees are acting in regulatory or police functions, delays caused by them are not considered Tenant Delays, and delays caused by the City or its employees in regulatory or police functions shall be considered delays beyond the control of Landlord to the extent they qualify under subsection (b)(ii). (iii) Concurrently with the execution of this Lease, Landlord shall provide Tenant with the Schedule. Until the work required to ready the Premises for the occupancy of Tenant is completed, Landlord shall promptly provide Tenant with updates regarding the Schedule with notice to Tenant of any delay incurred and the reasons for the delay.

(A) The Commencement Date shall be the date all of the following has been completed:  
(i) the Work defined in the first sentence of Section 3 of Exhibit B-2 (the Work Letter) as approved by Landlord and Tenant has been substantially completed (excluding items of work and adjustment of equipment and fixtures that can be completed after the Premises are occupied without causing material interference with Tenant's use of the Premises --

i.e., "punch list items"), (ii) Landlord delivers to Tenant a certificate signed by its architect, Landlord, or General Contractor stating that the Premises are in compliance with applicable provisions of the Americans with Disabilities Act and its regulations (the "ADA"), (iii) Tenant receives a certificate of substantial completion of the Work from the architect, (iv) Landlord delivers possession of the Premises to Tenant in accordance with the Lease, and (v) Landlord has received a Certificate of Occupancy from the Durham City-County Department of Inspections for the Premises allowing reasonable occupancy of the Premises.

(B) Notwithstanding the foregoing subsection (A), if Landlord shall be delayed in delivering possession of the Premises as a result of:

i. Tenant's failure to sign the Lease within twenty-one (21) days of City Council approval (assuming that Tenant has possession, for at least seven days, of the Lease, fully signed by Landlord);

ii. Tenant's failure to provide approvals within five (5) Business Days after a written request therefor has been submitted;

iii. A Change Order (as defined herein) is requested by Tenant;

iv. Tenant's changes in the Tenant Improvements or the Plans (both terms are defined in the first paragraph of Exhibit B-2)(Work Letter) (notwithstanding Landlord's approval of any such changes);

v. Tenant's request for changes in or modifications to the Plans subsequent to approval by Landlord and Tenant of the Plans;

vi. Inability to obtain materials, finishes or installations requested by Tenant that are not customary or readily available in the market where the Building is located and an acceptable substitute cannot be located; or

ix. The performance of any work by any person, firm or corporation employed or retained by Tenant other than the General Contractor or its subcontractors or agents;

then, in any such event, for purposes of determining the Commencement Date, the Premises shall be deemed to have been delivered to Tenant on the date that Landlord and the Designers reasonably determine that the Premises would have been substantially completed and ready for delivery if such delay or delays had not occurred.

(c) Base Rent: Tenant shall pay Base Rent for the Premises in an amount equal to an annual rent of Eighteen and 50/100 Dollars (\$18.50) per rentable square foot, or \$115,884.00 in the first Lease Year. The Base Rent shall commence on the Commence Date. Tenant shall be responsible for paying its Proportionate Share of the taxes, insurance premiums, and Common Area maintenance charges as described in Section 4 of Exhibit A. If the square footage is corrected, in the future per BOMA standards, the Base Rent will be adjusted accordingly, with the adjusted Base Rent effective as of the first day of the month after the correct square footage is sent to the other party as a notice pursuant to Section 27. The notice must contain sufficient documentation to show that the adjustment is valid. Base rent shall commence on the Commencement Date. Tenant shall be responsible for paying its

Proportionate Share of the taxes, insurance premiums and Common Area maintenance charges as described in Section 4 of Exhibit A. The Base Rent for the second Lease Year shall be three percent greater than the Base Rent for the first Lease Year. Each subsequent Lease Year's Base Rent shall likewise increase by three percent over the immediately previous Lease Year's Base Rent. A Lease Year is defined as each successive twelve-month period during the term of this Lease, with the first Lease Year commencing on the Commencement Date. Rent shall increase on the first anniversary of the Commencement Date and each anniversary thereafter. The second and following Lease Years will each begin at midnight of the last day of the twelfth month and continue for twelve months.

To the extent that the Premises are not lawfully occupiable for their intended purposes due to a failure of Landlord to comply with this Lease or due to a casualty that is not the result of the intentional or negligent act or omission of Tenant or of persons for whom Tenant is responsible, the amount of rent shall be prorated equitably with respect to the time that the Premises are not lawfully occupiable for their intended purposes.

(d) Extension of the Lease Term: Tenant may extend the Term for one additional three year Term by sending notice to landlord at least 90 days before the expiration of the then existing Term. The provisions of this Lease shall remain in effect for the extended Term except to the extent stated otherwise in this Lease. The base rent rate during the extension period shall increase 3% of the preceding year's base rate.

(e) Payee for Rent Payments: Edgemont Tenant, LLC

(f) Addresses:

*Address, and telephone and fax numbers of Landlord:*

Edgemont Tenant, LLC  
c/o Scientific Properties, LLC  
807 E. Main Street Suite 2-140  
Durham, NC 27701  
Telephone: (919) 967-7700  
Fax: (866) 656-8762

*Address to which rent payments are to be sent:*

Edgemont Tenant, LLC  
807 E. Main Street  
Suite 2-140  
Durham, NC 27701

*Address and telephone and fax numbers of Tenant:*

General Services Department  
Real Estate Division  
City of Durham

101 City Hall Plaza  
Durham NC 27701-3329  
Telephone: (919) 560-4197  
Fax: (919) 560-4196

(g) Section 7 (REPAIRS): The first sentence of Section 7(a) is changed by deleting “forty-five (45)” and substituting “thirty (30).” In Section 7(b), the following is deleted: “Tenant shall replace burned out light bulbs and fluorescent tubes and electrical fuses, replace or clean the HVAC air filters to maintain the HVAC system, unclog toilets and drains, if the clog is caused by matter going down the drain, repair leaking faucets, replace broken glass in interior windows, and repair damage to the Premises caused by Tenant and its licensees and invitees, including its employees, suppliers, customers, and agents.” In Section 7(b), the following is added after the second sentence: “Landlord shall replace burned out light bulbs and fluorescent tubes and electrical fuses, replace or clean the HVAC air filters to maintain the HVAC system, unclog toilets and drains, if the clog is caused by matter going down the drain, repair leaking faucets, and replace broken glass in interior windows; to the extent that such repair or replacement is not necessitated due to damage or negligence by Tenant.” Additionally, the final four sentences of Section 7(b) are deleted and substituted with “If Tenant notifies Landlord of the need for a repair that is Landlord’s duty but Landlord neglects to make the repair, Tenant may but is not required to make the repair and charge Landlord for the actual and reasonable costs of the repair. If any notice referred to in Section 19 (ADA) is received by either party after the Tenant takes possession of the Premises, the Landlord shall bear all costs of responding to the allegations and curing the deficiencies as required under applicable law, including, under the ADA, unless the deficiencies are due to specific usage by tenant of the Premises that are outside the scope of general office usage, then Tenant shall bear the cost to respond to said allegations and cure such deficiencies. All such work shall be completed promptly and within 30 days after receipt of the notice. However, that deadline will be extended by Tenant Delays, as defined in Section 1(b), or force majeure. Landlord shall use all reasonable efforts to prevent water from entering the Premises under the exterior doors including, installing door sweeps, as needed.”

(h) Section 9 (ALTERATIONS. FIXTURES): In Section 9 the following is added at the end of the second sentence after “workmanlike manner”: “and all relevant permits, if required by code, shall be in Tenant’s possession prior to commencement of such work.” Add to Section 9: Tenant shall give Landlord at least 60 days notice prior to making such alterations or improvements, with information sufficient to allow Landlord to make the determination described in the following sentence. Such alterations or improvements may be subject to Landlord’s reasonable determination of appropriateness with regard to the designation of the Building in the National Park Service Historic Registry and any relevant rules, regulations or statutes with regard to the Building’s eligibility with regard to tax credits. Landlord shall give Tenant notice of said determination within thirty (30) days after Tenant’s notice. The parties will cooperate in good faith to modify the Plans in order to satisfy Landlord’s needs with respect to said historic designation and tax credits. Each time that Tenant makes a request, Landlord will, if such request is denied, provide Tenant a copy of the relevant guidelines, rules, regulations, and statutes that Landlord would apply in making said determinations and will point to the specific provisions within them that Landlord considered.

(i) Section 11 (UTILITIES): Is deleted and replaced with: “Tenant shall pay all proper charges for all utilities for which it makes arrangements with the utility provider for service to the

Premises. The utilities include electricity, gas, cable, and telephone. Should Landlord or its agent interrupt any utility service to the Premises, the liability of Landlord hereunder for such interruption shall be limited to the restoration of same with Landlord using all reasonable efforts to restore same within twenty-four hours; provided, however, rent shall abate hereunder for the period of time that such utility is interrupted and not restored after twenty-four hours.

(j) Section 12 (LATE PAYMENTS): This section is deleted.

(k) Section 13 (POSSESSION): Is deleted and replaced with: " If the delay in delivery of the Premises is due solely to a Tenant Delay and not in whole in part due to force majeure or a Landlord Delay, Tenant shall begin paying rent hereunder on the day the Premises would have been delivered by Landlord to Tenant but for the Tenant Delay but until the Landlord provides actual possession of the Premises to the Tenant, the Tenant's duties that relate to Tenant's possession shall not apply, including Tenant's liability arising out of acts and omissions on the Premises. To the extent that the delivery of the Premises is delayed due in whole or in part either to force majeure or fault of Landlord, Tenant shall not be obligated to pay rent or pay any penalties hereunder.

(l) Section 20 (TERMINATION, CASUALTY, AND EMINENT DOMAIN) is revised to read as follows:

(a) (Prorata refund of rent) 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. This subsection (a) is not intended to reduce Landlord's rights under Section 17(a) (DEFAULT) or Section 5 (REMEDIES) of Exhibit C.

(b) (Tenant's right to terminate when casualty renders Premises substantially unusable under notice from Landlord provided within 60 days after the casualty) If fire or other casualty renders the Premises substantially unusable for Tenant's purposes or 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 in causing the casualty, and if Landlord sends notice, within 60 days after the casualty, to Tenant that the Premises cannot be both restored to the substantial equivalent of the pre-casualty condition and lawfully occupiable within 120 days after the casualty, Tenant may, by sending notice to Landlord within 30 days of the casualty or within 15 Business Days of the notice from Landlord, whichever is later, terminate the Term effective as of the date of the casualty. Such termination shall not be deemed to be termination for default. For purposes of this Section 20, "substantially unusable" or "substantially damaged" shall mean that at least seventy-five percent (75%) of the rentable square footage of the Premises is not usable by the Tenant for the operation of its business hereunder.

(c) (Tenant's right to terminate when casualty renders Premises substantially unusable under notice from Landlord provided within 60 days after the casualty) If fire or other casualty renders the Premises substantially unusable for Tenant's purposes or 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 in causing the casualty, and if Landlord fails to send notice, within 60 days after the casualty, to Tenant that the Premises will be both restored to the substantial equivalent of the pre-casualty condition

and lawfully occupiable within 120 days after the casualty, Tenant may, by sending notice to Landlord within 75 days of the casualty, whichever is later, terminate the Term effective as of the date of the casualty. Landlord may shorten that 75 day deadline by sending a notice to Tenant within the 60 days after the casualty that such termination shall not be deemed to be termination for default.

(d) (Landlord's right to terminate when casualty renders Premises substantially unusable) If fire or other casualty renders the Premises substantially unusable for Tenant's purposes, and if the casualty is not the fault of Landlord or any person for whose acts or omissions Landlord is liable in causing the casualty, and if Landlord in good faith believes that the Premises cannot be both restored to the substantial equivalent of the pre-casualty condition and lawfully occupiable within 120 days after the casualty, Landlord may, by sending notice to Tenant within 30 days of the casualty, terminate the Term effective as of the date of the casualty. The notice shall contain a statement that Landlord in good faith Tenant believes that the Premises cannot be both restored to the substantial equivalent of the pre-casualty condition and lawfully occupiable within 120 days after the casualty and shall contain information to substantiate that belief.

(e) (Landlord's right to repair when casualty renders Premises substantially unusable and insurance is available) If fire or other casualty renders the Premises substantially unusable for Tenant's purposes, and, in Landlord's reasonable opinion, Landlord can in the exercise of reasonable diligence make the Premises reasonably usable for Tenant's purposes within 120 days afterwards, and if Landlord's casualty insurance carrier has agreed to provide insurance funds for such repairs, it is agreed that Landlord shall repair the Premises within said 120- day period. If by the 150<sup>th</sup> day after the casualty, either the Premises are not made reasonably usable for Tenant's purposes or the Tenant is not allowed to occupy the Premises, Tenant may terminate the Term effective as of the date of the casualty by giving a notice of termination before the 160<sup>th</sup> day after the casualty. Such termination shall not be deemed to be termination for default.

(f) (Landlord to repair after relatively minor casualty) If fire or other casualty causes damage to the Premises but such damage can be repaired within thirty (30) days after such casualty, and if the casualty is not the fault of Tenant or any person for whose acts or omissions Tenant is liable in causing the casualty, Landlord shall proceed to effect the repairs needed within such thirty (30) days.

(g) (Nature of repairs; reduction of rent) Repairs made by Landlord under this Section 20 shall return the Premises to the substantially equivalent condition of the Premises existing before the fire or other casualty, and the rent after the fire or other casualty before such repairs have been completed shall be reduced to an amount which bears the same ratio to the rent provided for as the portion of the Premises then available for use bears to the entire Premises, and upon completion of such repair the rent shall thereafter be paid by Tenant at the same rate as though the casualty had not occurred. Tenant shall not be required to accept, or pay rent for, a portion of the Premises when the portion is not of sufficient size and layout to be convenient for Tenant's purposes. All repairs required by Landlord hereunder shall be commenced promptly and proceed with diligence. All time periods for reconstruction provided herein to Landlord shall be extended due to the following, where such delays adversely affect the critical path of preparing the Premises for

Tenant's occupancy, it being agreed that in applying the following, it is agreed that Landlord will act in a commercially reasonable manner to restore the damage in a timely manner: (i) Tenant Delay, (ii) force majeure, (iii) delays in the issuance of permits or other approvals by the City of Durham, (iv) delays in the availability of materials, (v) delays in the availability of subcontractors, and (vi) acts of God and force majeure, including inclement weather.

(h) (Eminent domain) 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 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. If any portion of the Premises (other than Tenant's trade fixtures, furniture, other personal property or Tenant's leasehold interest) shall be taken by the exercise of the power of eminent domain or sold to the holder of such power pursuant to a threatened taking or made unfit or unavailable for Tenant's purposes by other governmental action, including zoning and building code orders, the Term of this Lease shall terminate upon such taking, completion of sale, or governmental order. Tenant shall not be entitled to any part of the condemnation award or purchase price; provided, however, nothing herein precludes Tenant from prosecuting any claim directly against the condemning authority in such condemnation proceeding for loss of business, or depreciation to, damage to, or costs of removal of or for the value of Tenant's trade fixtures, furniture, other personal property or Tenant's leasehold interest. No recovery by Tenant hereunder may act to reduce any amount recovered by the Landlord.

(i) (Subsections to be separate) Each subsection of this section is intended to be independent of the other subsections of this section.

(j) (Landlord to locate other space) Upon the occurrence of a casualty hereunder that adversely affects the ability of Tenant to perform its business (in this lease, Tenant's business is not limited to activities of a commercial or for-profit nature), as reasonably determined, Landlord shall use reasonable efforts to locate and offer to Tenant substitute comparable space for Tenant within another building owned by Landlord or an affiliate of Landlord and within five miles of the Building.

(k) (Termination of Lease) If the term of this Lease ends early, Landlord shall allow Tenant a reasonable period of time and reasonable access to remove its personal property and equipment from the Premises. Any termination by Tenant under this Section shall be effective as of the date of the casualty.

(l) (Notice by Landlord) If Landlord fails to send notice under subsection (b), but it would not be commercially reasonable for Landlord to arrange for the Premises to be both restored to the substantial equivalent of the pre-casualty condition and lawfully occupiable within 120 days after the casualty, Tenant may deem the notice from Landlord to have been sent on the 60<sup>th</sup> day after the casualty

(m) (Additional Provisions) See Section 3 (Fire and Casualty Damage) of Exhibit A.

(m) Section 27 (ADDRESSES. NOTICES) is changed by adding the following to the end: "Any notice or request shall be deemed given and delivered at the time of actual delivery, if it is sent by hand delivery, Federal Express or UPS. If the notice or request is sent by United States mail, it shall be deemed given and delivered on the third day following the day on which it is deposited with the United States Postal Service or upon actual delivery, whichever first occurs. The Landlord and Tenant agree that it is a good practice, but only optional and not required, that when a notice or request is sent by one of the first three methods named above, that is also be sent by email. The following is hereby deleted from Section 27: "In addition, all notices and requests shall be sent by fax."

(n) Section 24 (EFFECTS ON OTHER RIGHTS) is changed by deleting "regarding the Premises."

(o) Section 21 (MORTGAGEE'S RIGHTS. Is changed by adding the following to the beginning of the section: "The current lender for the Land is Self-Help Ventures Fund (the "Lender"). Tenant agrees to execute the Subordination and Attornment Agreement ("SAA") attached as Exhibit D and Landlord agrees to be bound by the SAA if executed by the Lender and Tenant. Without limiting the preceding sentence, Landlord agrees that Tenant may rely, without the necessity of confirmation from Landlord, on written instructions from Lender or others given pursuant to the SAA directing Tenant to pay rent to persons other than Landlord, and Landlord releases and discharges Tenant from liability under the Lease for such payments made pursuant to the SAA to the same extent as if they had been made to Landlord.

(p) Section 23 (INSURANCE): Subsection (b) is deleted and replaced with the following: "(b) Liability Risk: Landlord shall purchase commercial general liability insurance as follows: commercial general liability \$1,000,000 per occurrence and \$2,000,000 in the aggregate and shall provide certificate of insurance to Tenant's Risk Manager by mailing it to Tenant's address as provided in Section 1. Tenant shall purchase liability insurance, applicable to use and occupancy of the Premises as follows: commercial general liability, \$1,000,000 per occurrence and \$2,000,000 in the aggregate combined single limits applicable to Tenant's use and occupancy of the Premises. The property manager, Scientific Properties, LLC, the Landlord, Edgemont Tenant, LLC and the owner of the Land, Edgemont Realty, LLC, shall be named additional insured as its interest may appear. Tenant shall provide certificate of insurance to Landlord by mailing it to Landlord's address as provided in Section 1. In lieu of purchasing said liability insurance, Tenant shall have the option to retain such risk."

(q) Reserved.

(r) Section 19 (ADA) is changed by inserting "as if it were a notice, in accordance with Section 27 (ADDRESSES. NOTICES), with any mailing done by USPS certified mail, return receipt requested" after "provide the other party with a copy.

(s) COMPLIANCE WITH LAW. All work performed by or for Landlord or Tenant at the Premises and to the Common Areas, including the work performed before Tenant moves in as well as during the term, shall be in a good and workmanlike manner and in compliance with applicable law, including Federal, state or local statute, law, ordinance, code, rule, regulation, order or decree.

(t) **NO THIRD PARTY RIGHTS CREATED:** This Lease is intended for the benefit of Tenant and Landlord and not any other person.

(u) **DEFINED TERMS.** Where the first letter of each word of defined term is capitalized, it is the parties' intent that the definition applies to those words when capitalized in that manner.

(v) **LIST OF EXHIBITS.** The following exhibits are made a part of this Lease.

EXHIBIT A – ADDITIONAL PROVISIONS OF LEASE AND EXISTING FLOOR PLAN

EXHIBIT B – APPROVED FLOOR PLAN

EXHIBIT B-1 – COST ESTIMATE

EXHIBIT B-2 - WORK LETTER

EXHIBIT C – RULES AND REGULATIONS

EXHIBIT D - SUBORDINATION AND ATTORNMENT AGREEMENT

(w) **JANITORIAL SERVICES.** Without limiting any other provision of this lease, Landlord shall be responsible for providing janitorial service for the Premises.

(x) **BUSINESS DAY.** Business Day is a day other than a Saturday or Sunday and other than a Holiday observed by the City of Durham under City Code, Section 42-16, as amended from time to time.

**2. GRANT.** Landlord hereby leases to Tenant, and Tenant accepts, the Premises, described in Section 1. Unless otherwise stated, the Premises includes the land and the improvements thereon and the fixtures therein. The Premises are in the County of Durham, North Carolina.

**3. TERM.** The dates in the Term stated in Section 1 are inclusive. The Term may be terminated early or extended in accordance with this lease and in accordance with law.

**4. RENT.** Tenant shall pay to Landlord as rent as stated in Section 1 for the Term. Rent payments are due, in advance, without set-off, deduction, or demand. Unless otherwise stated, rent payments are due on the first of the month. Rent payments are to be payable to the payee and sent to the address, both as indicated in Section 1.

**5. RETURNED CHECKS.** Tenant shall pay twenty dollars (\$20.00) for each check returned for insufficient funds or because the drawer had no account at the bank.

## **6. COMMON AREA.**

(a) **Definition.** The term "Common Area" is defined as all areas and facilities that are designated by Landlord for the non-exclusive use of Landlord, Tenant, and/or other tenants of the property and/or their respective licensees and invitees (including employees, suppliers, customers, and agents). The Common Area includes the following located on the property: parking lots,

lobbies, stairwells, sidewalks, walkways, utility rooms, areas in which to place trash, and landscaped areas.

(b) Rules and Regulations. Landlord shall have the right to establish, amend, and enforce reasonable rules with respect to the Common Area. The rules imposed on Tenant shall be no more onerous or restrictive than the rules followed by any other tenant using the Common Area. Tenant agrees to comply with all such rules and to cause its licensees and invitees (including employees, suppliers, customers, and agents), attached hereto and made a part hereof as Exhibit C".

## **7. REPAIRS.**

(a) Repairs on Behalf of Other Party. If Landlord makes repairs that are chargeable to Tenant, charges for them shall be added to and included as part of the rent, but shall be paid within forty-five (45) days of billing by Landlord. If Tenant makes repairs that are chargeable to Landlord, charges for them shall be deducted from the rent. In case either party wishes to charge the other pursuant to this section, it shall provide all reasonable information needed to explain the repairs. This Lease does not give Tenant any authority either to obligate Landlord to pay any third party for any labor or materials or to suffer liens to be placed on the Premises.

(b) Duties to Repair. Landlord shall maintain the following if they are or become part of the Premises: roof, gutters, down spouts, structural members and components, exterior walls and windows, exterior paint, HVAC, plumbing system, electrical system, and Common Area. Said maintenance shall keep said items and systems in good working order and in compliance with all applicable codes, laws, and regulations. Tenant shall replace burned out light bulbs and fluorescent tubes and electrical fuses, replace or clean the HVAC air filters to maintain the HVAC system, unclog toilets and drains, if the clog is caused by matter going down the drain, repair leaking faucets, replace broken glass in interior windows, and repair damage to the Premises caused by Tenant and its licensees and invitees, including its employees, suppliers, customers, and agents. If Tenant notifies Landlord of the need for a repair that is Landlord's duty but Landlord neglects to make the repair, Tenant may but is not required to make the repair and charge Landlord for the repair. If any notice referred to in Section 19 (ADA) is received by either party after the Tenant takes possession of the Premises, the Landlord shall bear all costs of responding to the allegations and curing the deficiencies in accordance with the ADA. All such work shall be promptly and within 30 days after Landlord receives the notice. However, that deadline will be extended by Tenant Delays, as defined in Section 1(b).

**8. 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 Landlord's consent, Tenant shall not permit or keep any gasoline, fuel oil, or other petroleum-based fuels on the Premises unless in properly constructed containers in or attached to motor vehicles or in containers approved by UL, OSHA, or another governmental body with jurisdiction over such containers. Tenant shall keep the Premises in a presentable condition, including clean of trash and garbage. Landlord shall keep the lawn, if any, mowed. Tenant shall not use or allow the use on the Premises of any "controlled substance," as that expression is used in the N. C. Controlled Substances Act, G.S. 90-86 et seq. No trees or shrubbery shall be removed without first obtaining Landlord's consent. Tenant shall not violate any lawful requirements of public authorities regarding use of the Premises, including applicable zoning and building codes. No animals may be kept on the Premises without Landlord's consent.

**9. ALTERATIONS. FIXTURES.** Tenant may make alterations and improvements to the Premises if they will not degrade the structural soundness of the building or violate applicable building codes. Any such work must be done a workmanlike manner. Before the expiration of the Term, Tenant may remove from the Premises any alterations, improvements, and fixtures that Tenant may have performed or installed, whether affixed or not; provided, however, that Tenant shall repair any damage done to the Premises by the alteration or improvement, the installation of such fixture, or by such removal. Any fixtures remaining in the Premises after the expiration of the Term shall be the property of Landlord. Any alterations and improvements to the Premises, unless removed pursuant to this section, shall inure to and be to the benefit of Landlord. If at least ninety (90) days before the end of the Term, Landlord gives notice to Tenant to remove before the end of the Term all or certain alterations, improvements, or fixtures that Tenant has performed or installed, Tenant shall comply with such notice and repair all damage done by such removal by the time that Tenant is required to relinquish possession of the Premises, ordinary wear and tear excepted.

**10. KEYS.** At the end of the Term, Tenant shall give to Landlord all keys that Tenant has for the Premises, including any keys made from Tenant's keys.

**11. UTILITIES.** Tenant shall pay all proper charges for all utilities for which it makes arrangements with the utility provider for service to the Premises. These utilities include oil, gas, electricity, water, sewer, garbage pickup, cable, and telephone.

**12. LATE PAYMENTS.** If the full rental payment is not received by Landlord before the tenth day after it is due, Tenant shall pay a late fee of \$10.00.

**13. POSSESSION.** The rent shall be prorated to reduce the rent for the period during which Landlord fails to deliver possession to Tenant in accordance with this Lease for any reason, including holdover of a previous tenant. If Landlord fails to deliver possession to Tenant within ten (10) days of the beginning of the Term, Tenant may give notice that such event is a potential default. If Landlord fails to deliver possession within ten (10) days thereafter, Tenant may terminate the Term, and Tenant will be under no further obligation to Landlord arising out of this Lease

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

**15. ACCESS.** Landlord and its agents and contractors may enter the Premises, including the interior, in case of emergency or with the consent of Tenant. On twenty-four hours' notice, Landlord and its agents and contractors may enter the Premises, including the interior, to inspect the same, to perform its obligations under this Lease, and to maintain any real estate of which the Premises are a part. Without limiting its rights under this section, the parties agree that Landlord and its agents and contractors may come upon the grounds and the exterior of the Premises 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, except during holidays observed by the City of Durham. Landlord may place on the Premises for sale and for rent signs that are in compliance with law. In exercising Landlord's rights under this section, Landlord and its agents and contractors shall exercise such rights in a manner and at such times so as to minimize interference with Tenant's use and occupancy of the Premises.

**16. VACATING.** On vacating the Premises, Tenant shall see that all utilities are paid in full and disconnected (unless other arrangements are made with 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. The foregoing provisions of this section apply even if Tenant vacates before the end of the Term. Tenant shall surrender vacant possession of the Premises on or before the end of the Term.

**17. DEFAULT. WAIVER.**

(a) Default. If 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 Tenant's rental application is substantially false, and such failure, event, or condition continues for thirty days (but ten days in case of rent) after notice of such failure, event, or condition is sent, then Landlord may at any time (i) terminate this Lease and cause Tenant's estate to be ceased, or (ii) terminate Tenant's right to possession of the Premises without causing Tenant's estate to be ceased or terminating this Lease. In either event, Tenant shall deliver possession of the Premises to Landlord. In addition, Landlord may reenter and take possession in accordance with legal procedures. If Landlord terminates this Lease in accordance with the first sentence of this section, Tenant shall be liable for accrued rent, damages resulting from Tenant's breach, and other accrued obligations and liabilities. If Landlord terminates Tenant's right to possession without terminating the Lease, this Lease shall remain in effect, and Landlord shall make reasonable efforts to re-let the Premises on Tenant's behalf, and Tenant shall compensate Landlord for the costs and expenses of such efforts.

(b) Waiver. Either party'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 parties' respective rights under this section are in addition to other rights under this Lease or as provided by law.

**18. INDEMNIFICATION.** To the maximum extent allowed by law, Tenant shall indemnify and save harmless Landlord from and against all injuries, costs, expenses, losses, penalties, and fines that are directly and solely due to the use of the Premises by Tenant or Tenant's agents or employees if the injury, cost, expense, loss, penalty, or fine is directly and solely caused by a negligent or intentional act or omission by Tenant or Tenant's agents or employees. Nonperformance under this section shall not be a default as long as Tenant is contesting its duty or the extent or nature of its duty (including the dollar amount) under this section. . To the maximum extent allowed by law, Landlord shall indemnify and save harmless Tenant from and against all injuries, costs, expenses, losses, penalties, and fines that are directly and solely due to the acts and omissions that are done on the Premises by Landlord or Landlord's

agents or employees if the injury, cost, expense, loss, penalty, or fine is directly and solely caused by a negligent or intentional act or omission by Landlord or Landlord's agents or employees. Nonperformance under this section shall not be a default as long as Landlord is contesting its duty or the extent or nature of its duty (including the dollar amount) under this section.

**19. ADA.** If either party 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, it shall, within ten (10) days after receipt of such notice or document, provide the other party with a copy.

## **20. 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 substantially unusable for Tenant's purposes, and if the casualty is not the fault of Tenant or any person for whose acts or omissions Tenant is liable in causing the casualty, and if Landlord cannot or does not make the Premises reasonably usable for Tenant's purposes within fifteen (15) Business Days afterwards, Tenant may, by sending notice to Landlord within twenty (20) Business 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 in causing the casualty, and if Landlord cannot or does not substantially repair the Premises within fifteen (15) Business Days afterwards, Tenant may, by sending notice to Landlord within twenty (20) Business Days of the casualty, terminate the Term effective as of the date of the casualty.

(d) If fire or other casualty renders the Premises substantially unusable for Tenant's purposes, and if Landlord cannot in the exercise of reasonable diligence make the Premises reasonably usable for Tenant's purposes within fifteen (15) Business Days afterwards, Landlord may, by sending notice to Tenant within fifteen (15) Business Days of the casualty, terminate the Term effective as of the date of the casualty.

(e) If fire or other casualty renders the Premises substantially unusable for Tenant's purposes, and, in Landlord's reasonable opinion, Landlord can in the exercise of reasonable diligence make the Premises reasonably usable for Tenant's purposes within fifteen (15) Business Days afterwards, and if Landlord's casualty insurance carrier has agreed to provide insurance funds for such repairs, it is agreed that Landlord shall repair the Premises within said fifteen (15) business day period to the equivalent condition of the Premises existing before said casualty; provided, however, that the rent during the period before such repairs have been completed shall be reduced to an amount which bears the same ratio to the rent provided for as the portion of the Premises then available for use bears to the entire Premises, and upon completion of such repair the rent shall thereafter be paid by Tenant at the same rate as though the casualty had not occurred.

(f) 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 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. If any portion of the Premises (other than Tenant's trade fixtures, furniture, other personal property or Tenant's leasehold interest) shall be taken by the exercise of the power of eminent domain or sold to the holder of such power pursuant to a threatened taking or made unfit or unavailable for Tenant's purposes by other governmental action, including zoning and building code orders, the Term of this Lease shall terminate upon such taking, completion of sale, or governmental order. Tenant shall not be entitled to any part of the condemnation award or purchase price; provided, however, nothing herein precludes Tenant from prosecuting any claim directly against the condemning authority in such condemnation proceeding for loss of business, or depreciation to, damage to, or costs of removal of or for the value of Tenant's trade fixtures, furniture, other personal property or Tenant's leasehold interest.

(g) Each subsection of this section is intended to be independent of the other subsections of this section.

**21. MORTGAGEE'S RIGHTS.** Tenant agrees, at any time from time to time during the Term, within fifteen (15) days of Landlord's request, to deliver to Landlord the following: an executed and acknowledged instrument amending this Lease in such respects as may be required by any mortgagee, trustee, or beneficiary under any mortgage, deed of trust, prospective mortgage, or prospective deed of trust, provided that any such amendment shall not alter or impair any of Tenant's obligations, rights, and remedies. Upon Landlord's request, Tenant will execute from time to time during the Term such instruments which may be necessary or convenient to subordinate the rights of Tenant hereunder to any mortgage, deed of trust, or other encumbrance executed by Landlord, provided that such instrument does not alter or impair any of Tenant's obligations, rights, and remedies, whether or not a foreclosure occurs.

**22. BANKRUPTCY OR INSOLVENCY:** If any proceedings in bankruptcy or insolvency are filed against Tenant or if any writ of attachment or writ of execution is levied upon the interest herein of Tenant and such proceedings or levy shall not be released or dismissed within sixty (60) days thereafter, or if any sale of the leasehold interest hereby created or any part thereof should be made under any execution or other judicial process, or if Tenant shall make any assignment for the benefit of creditors or shall voluntarily institute bankruptcy or insolvency proceedings, Landlord may terminate the Term of this Lease.

### **23. INSURANCE.**

(a) Duty to Maintain Insurance; Waiver of Subrogation. Landlord shall maintain fire and extended coverage insurance on the building in which the Premises are located in an amount equal to the replacement cost of the building, and provide a certificate of insurance to Tenant's Risk Manager by mailing it to Tenant's address as provided in Section 1. The parties mutually release and discharge each other from all claims and liabilities arising from or caused by any casualty or hazard to the extent that the loss caused by the casualty or hazard is covered by insurance, provided that such release shall not operate in any case where the effect is to invalidate such insurance coverage.

(b) Liability Risk: Landlord shall purchase liability insurance as follows: commercial general liability \$500,000 combined single limits and shall provide certificate of insurance to Tenant's Risk Manager by mailing it to Tenant's address as provided in Section 1. Tenant shall purchase liability insurance, applicable to use and occupancy of the Premises as follows: commercial general liability, \$1,000,000 combined single limits applicable to Tenant's use and occupancy of the Premises. Landlord shall be named additional insured as his interest may appear. Tenant shall provide certificate of insurance to Landlord by mailing it to Landlord's address as provided in Section 1.

**24. EFFECTS ON OTHER RIGHTS.** Nothing in this Lease shall limit the City of Durham's governmental powers regarding the Premises, including eminent domain, zoning, subdivision, and police.

**25. COVENANTS.** Landlord warrants that Landlord has title to the Premises, the right to lease the Premises to Tenant, and that for as long as Tenant is not in default under this Lease after notice and the opportunity to cure, Tenant shall have peaceable possession and quiet enjoyment of the Premises for the Term. Without limiting Tenant's rights in accordance with law or this Lease, it is agreed that rent shall be abated for any period during which Tenant cannot occupy the Premises due to Landlord's breach of the covenants in the preceding sentence.

**26. MEMORANDUM.** At either party's request, the other party shall execute and deliver a memorandum of this Lease in the form reasonably requested by the requesting party and as prepared by the requesting party.

**27. ADDRESSES. NOTICES.** Notices and requests to Tenant or Landlord shall be in writing and sent to it at Landlord's address or Tenant's address, respectively shown in Section 1. By sending a notice stating its new address, either party may change the address to which notices, requests, and rent shall be sent. Notices and requests shall be sent by any of the following: hand delivery, U.S. Postal Service, Federal Express, or UPS. In addition, all notices and requests shall be sent by fax. If the required notice is less than 9 days, the party shall also make reasonable attempts, promptly after giving written, to use the telephone to communicate the contents of the written notice.

**28. FORUM AND CHOICE OF LAW.** This Lease shall be deemed made in North Carolina. This Lease shall be governed by and construed in accordance with the laws of North Carolina. The exclusive forum and venue for all actions arising out of this Lease shall be the North Carolina General Court of Justice, in Durham County. Such actions shall neither be commenced in nor removed to federal court. This section shall not apply to subsequent actions to enforce a judgment entered in actions heard pursuant to this section.

**29. 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. If any provision of this Lease shall be determined to be invalid or unenforceable in whole or in part, for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of any of the remaining provisions and such invalid or unenforceable provision shall be revised so that it will be valid and enforceable to the maximum extent legally possible consistent with its intent.

**30. E-VERIFY COMPLIANCE.** The Landlord represents and covenants that the Landlord and its subcontractors comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes (NCGS). The City is relying on this E-Verify Compliance section in entering into this lease. The parties agree to this section only to the extent authorized by law. If this section is held to be unenforceable or invalid in whole or in part, it shall be deemed amended to the extent necessary to make this lease comply with NCGS 160A-20.1(b).

**31. CITY POLICY. THE CITY OPPOSES DISCRIMINATION ON THE BASIS OF RACE AND SEX AND URGES ALL OF ITS CONTRACTORS TO PROVIDE A FAIR OPPORTUNITY FOR MINORITIES AND WOMEN TO PARTICIPATE IN THEIR WORK FORCE AND AS SUBCONTRACTORS AND VENDORS UNDER CITY CONTRACTS.**

**[SIGNATURE PAGE FOLLOWS]**

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

TENANT:

CITY OF DURHAM

ATTEST:

\_\_\_\_\_

By: \_\_\_\_\_

LANDLORD:

EDGEMONT TENANT, LLC,  
a North Carolina limited liability company

By: EDGEMONT MANAGER, LLC

By: WOODLAKE AVENUE PARTNERS LLC

By: SCIENTIFIC PROPERTIES, LLC

By: \_\_\_\_\_  
Barbra Rothschild, Managing Member

Date: \_\_\_\_\_

ACKNOWLEDGMENT BY EDGEMONT TENANT, LLC

\_\_\_\_\_ County, New York

I certify that Barbra Rothschild personally appeared before me this day, acknowledging to me that she voluntarily signed the foregoing document, **LEASE BETWEEN EDGEMONT TENANT, LLC AND CITY OF DURHAM FOR SPACE IN BUILDING 5 AT GOLDEN BELT, 807 EAST MAIN STREET, DURHAM, NC** for the purpose stated therein and in the capacity indicated.

This the \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Signature of Notary Public

Print or type name of Notary Public: \_\_\_\_\_

My commission expires: \_\_\_\_\_

**EXHIBIT A**  
Additional Provisions of Lease

In the event of a conflict between the terms of the Lease and this EXHIBIT A, this EXHIBIT A shall govern and control.

1. The Premises. Except as provided herein, the Premises are leased by Tenant “as is”, “where is” and “with all faults.” The delivery of the letter of acceptance of delivery of the Premises (described below in this Section) shall be deemed conclusively to establish that the Premises and any improvements thereto are in good and satisfactory condition as of when possession was taken, except for the electrical, plumbing, and HVAC systems, and except for latent defects and deficiencies noted in the letter of acceptance. Tenant further acknowledges that no representations as to the repair of the Premises, nor promises to alter, remodel or improve the Premises have been made by Landlord, unless such representations or promises are expressly set forth in this Lease. Within five days after the Commencement Date, Tenant shall, upon demand of Landlord, execute and deliver to Landlord a letter of acceptance of delivery of the Premises, acknowledging the Commencement and Termination Dates of this Lease. Tenant has advised Landlord that water has entered the breakroom at the Premises. The parties are uncertain as to the source of the water entry. Should water enter the Premises through any exterior door at the Premises, this issue will be addressed pursuant to Section 7 (REPAIRS) of the Lease.

2. Signage. Tenant shall have the right to install signs upon the Premises where viewable from the exterior of the Premises only when first approved in writing by Landlord and subject to any applicable governmental laws, ordinances, regulations and other requirements. Tenant shall remove all such signs upon the termination of this Lease. Such installations and removals shall be made in such manner as to avoid injury or defacement of the Premises, and Tenant shall repair any injury or defacement, including, without limitation, discoloration of the Building caused by such installation and/or removal. Signs not viewable from the exterior of the Premises are subject to all applicable provisions of this Lease, including Section 9 (ALTERATIONS. FIXTURES).

3. Fire and Casualty Damage.

(a) Notwithstanding anything herein to the contrary, if (1) fire or other casualty renders the Premises substantially unusable for Tenant's purposes, (2) the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds in an amount greater than \$500,000.00 paid for such casualty to the Premises be applied to such indebtedness and the amount of insurance proceeds made available to Landlord for restoration of the Premises is substantially less than the amount needed to restore the Premises to the substantial equivalent of the pre-casualty condition and to make the Premises lawfully occupiable within 120 days after the casualty, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within 5 days after such requirement is made by any such holder, whereupon all rights and obligations hereunder thereafter accruing shall cease and terminate. Landlord shall allow Tenant reasonable access and time in order to remove property that Tenant may lawfully remove. Upon the occurrence of a casualty described in this subsection (a), Landlord shall use reasonable efforts to locate and offer to Tenant substitute comparable space for Tenant within another building owned by Landlord or an affiliate of Landlord and within five miles of the Building.

(b) Subject to Section 7(b) of the Lease, it is agreed that the obligation of Landlord in this paragraph to repair and restore the Premises and the Building as provided herein, does not include an obligation of Landlord to repair the fixtures, equipment, or personal property of Tenant, except to the extent the repair and restoration is needed because of the Landlord's breach of its obligations under this Lease or because of the negligence or intentional acts of the Landlord or its contractors.

(c) The period of time within which repair and restoration of the Premises as contemplated in this section 3 must be completed shall be extended due to delays occasioned by force majeure. As used in this Lease, "force majeure" means events beyond the control of Landlord that cause delays that adversely affect the critical path of preparing the Premises for Tenant's occupancy.

4. Operating Expenses. For the purposes of this Lease, Operating Expenses shall be defined as any charges for taxes, insurance premiums or Common Area maintenance charges. Tenant's Base Year shall be defined as the calendar year 2014. Tenant's Proportionate Share shall be defined as: a percentage which represents the ratio that the number of rentable square feet of the Premises bears to (i) the rentable square footage of the Building for invoices associated specifically with the Building (e.g. building common area janitorial, common area utilities, termite treatment, etc.) which is 100%, or (ii) the rentable square footage of the Project for invoices associated with the Project (e.g. property taxes, insurance premiums, landscaping, security, snow/ice removal, etc.) which is 3.90%; with the Building consisting of Six Thousand Two Hundred Sixty-Four (6,264) rentable square feet and the Project consisting of One Hundred Sixty-Two Thousand Two Hundred Eighty-Three (162,283) rentable square feet. Tenant's Proportionate Share for any partial calendar year during the Lease Term will be determined by multiplying the amount of Tenant's Proportionate Share of increases in Operating Expenses for the full calendar year by a fraction, the numerator of which is the number of days during such calendar year falling within the Lease Term or Renewal Term and the denominator of which is three hundred sixty-five (365).

Commencing on January 1 following the first Lease Year, if, in any calendar year during any Renewal Term after the Base Year, the amount of Operating Expenses exceeds the amount of Operating Expenses in the Base Year, then Tenant will pay, as Additional Rent, an amount which is the product of (i) the amount of such increase in Operating Expenses, multiplied by (ii) Tenant's Proportionate Share. The accounting of the Operating Expenses will be performed in accordance with Generally Accepted Accounting Principles consistently applied. For the purpose of calculating Additional Rent, the aggregate charge for Controllable Expenses shall not increase by more than five percent (5%) over the greater of: (a) aggregate charge paid by the Tenant the previous Lease Year, OR (b) aggregate charge paid by Tenant in any prior Lease Year.

If the average occupancy rate of the Building Rentable Area will be less than ninety-five percent (95%) during any calendar year (including the Base Year), or if any tenant is separately paying for (or does not require) electricity, janitorial, or other services furnished to its premises, then, for purposes of calculating Operating Expenses, the Operating Expenses for such period that vary with the level of occupancy of the Building or Project will be increased by the additional costs and expenses that Landlord reasonably estimates would have been incurred if the average occupancy rate had been ninety-five percent (95%) for such

period. In no event will the Project tenants be required to pay, in the aggregate, more than 100% of the actual Operating Expenses of the Building or Project for any calendar year, and Tenant will not be required to pay more than one hundred percent (100%) of its Proportionate Share of the total increase in Operating Expenses actually incurred for the calendar year, with such actual Operating Expenses to be determined and payments reconciled through the process described above. At Tenant's written request, Landlord will provide information sufficient to disclose or quantify adjustments made to each category of Operating Expenses increased pursuant to the provisions of this Section. For the purpose of this Section, the term "Building" will be deemed to include the roof of the Building and any extensions therefrom, courtyards, sidewalks, landscaping, and all other areas, facilities, improvements, and appurtenances relating to any of the foregoing; provided, however, that Operating Expenses for the Building will not include Operating Expenses for the Project.

Within 120 days after the end of each calendar year, or as soon thereafter as same is available, Landlord will submit to Tenant the Statement showing (i) Tenant's actual Proportionate Share of the amount by which Operating Expenses incurred during the preceding calendar year differed from the Operating Expenses for the Base Year, (ii) the amount thereof paid by Tenant, and (iii) the balance due or the overpayment. Such Statement shall be prepared in a consistent manner and shall contain line-item detail of the Operating Expenses. Any categories of expenses not included in the Operating Expenses for the Base Year will be similarly excluded in calculating actual Operating Expenses. If there is a balance due, Tenant will pay the balance due as Additional Rent within thirty (30) days following receipt of such Statement. If the Statement indicates an overpayment, then Landlord will credit the net overpayment toward Tenant's next estimated payment(s) pursuant to this Section.

Tenant or its designated representative, at its sole expense, will have the right once per calendar year during the Term to audit Landlord's books and records relating to the Operating Expenses for the immediately preceding calendar year. This audit must take place on a mutually agreeable date during reasonable business hours at Landlord's office at the address stated above and only after Tenant has given Landlord at least fourteen (14) calendar days prior written notice of the date and time Tenant desires to commence such audit. If Tenant elects to audit Landlord's books and records, Tenant will have the right to perform an audit of the Operating Expenses for the immediately preceding two (2) calendar years, such audit to be conducted by a reputable accounting firm and not on a contingency basis. If any such audit reveals an error by Landlord resulting in an overcharge to Tenant, then Landlord will promptly reimburse Tenant for the amount erroneously charged to Tenant. Likewise, if any such audit reveals an error resulting in Tenant being undercharged, then Tenant will promptly reimburse Landlord for the amount of such deficiency. If any audit performed by Tenant reveals that the Operating Expenses in total have been overstated by more than five percent (5%), Landlord will pay and/or reimburse Tenant for the cost of the audit not to exceed One Thousand Dollars (\$1,000.00); and Tenant will then have the right to perform an audit for an additional one (1) preceding calendar year.

5. Remedies. (a) Upon the occurrence of any event of default by the Tenant under the Lease, Landlord shall have the option to pursue any remedy at law or in equity, including, but not limited to, one or more of the following remedies. It is agreed that an event of default is contingent on the giving of notice pursuant to Section 27 (ADDRESSES, NOTICES).

(1) Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearage in rent, enter upon and take possession of the Premises and expel and remove Tenant and any other person who may be occupying the Premises or any part thereof, with or without judicial approval, by any legal means necessary; secure the Premises against unauthorized entry; and Tenant agrees to pay to Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination, whether through inability to relet the Premises on satisfactory terms or otherwise. Landlord shall allow Tenant reasonable access in order to remove property that Tenant may lawfully remove. Each party shall compensate the other for its respective liabilities that shall have accrued to the date of such termination. In proving the amount of rent and other charges for the period after such termination to the date that the term of the Lease would have ended in the absence of such termination, Landlord may accelerate the rent and must show that it acted in a commercially reasonable manner to mitigate its damages. To the extent that Landlord fails to make that showing, Tenant shall not be liable for rent and other charges for that post-termination period. Landlord shall be entitled to compensation by Tenant for reasonable expenses incurred by Landlord in reletting. Tenant's liability for rent and other charges for the post-termination period shall be reduced by any payments received by Landlord from another tenant in leasing the Premises for the balance of the term hereof.

(2) Enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying such Premises or any part thereof, with or without judicial approval, by any legal means necessary, without being liable for prosecution; secure the Premises against unauthorized entry; store any property located on the Premises at the expense of the owner thereof, provided that Landlord shall allow Tenant reasonable access in order to remove property that Tenant may lawfully remove. In proving the amount of rent and other charges for the period after such Landlord entrance to the date that the term of the Lease would have ended in the absence of such entrance, Landlord may accelerate the rent and Landlord must show that it acted in a commercially reasonable manner to mitigate its damages. To the extent that Landlord fails to make that showing, Tenant shall not be liable for rent and other charges for that post- entrance period. Landlord shall be entitled to compensation by Tenant for reasonable expenses incurred by Landlord in reletting. Tenant's liability for rent and other charges for the post-entrance period shall be reduced by any payments received by Landlord from another tenant in leasing the Premises for the balance of the term hereof.

(3) In the event Tenant fails to pay any installment of Base Rent or additional rent hereunder within 15 days of the due date of such installment, Tenant shall pay to Landlord on demand a late charge in an amount equal to four percent (4%) of such installment ("Late Charge") to help defray the additional cost to Landlord for processing such late payment. Landlord shall be entitled to the Late Charge only to the extent that Tenant shall have failed to pay said

installments within 7 days after Landlord shall have sent Tenant a notice that said installments are past-due. The Late Charge shall not apply to the extent that said installment is subject to a good-faith dispute but it shall apply to the portion that is not subject to a good-faith dispute. The provision for the Late Charge shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. If, on account of any breach or default by Tenant in Tenant's obligations under the terms and conditions of this Lease, it shall become necessary or appropriate for Landlord to employ or consult with an attorney concerning or to enforce or defend any of Landlord's rights or remedies hereunder, Tenant agrees to pay any and all reasonable attorneys' fees so incurred. However, the attorneys' fees shall be due only to the extent Tenant unwarrantedly shall have refused to fully resolve the matter after having been given a reasonable opportunity to do so.

(4) Pursuit of any of the foregoing remedies provided for in this Section 5 shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law or equity. No waiver by Landlord or Tenant of any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained. Landlord's acceptance of the payment of rental or other payments hereunder after the occurrence of an event of default shall not be construed as a waiver of such default, unless Landlord so notifies Tenant in writing, and no receipt of money by Landlord from Tenant after the termination of this Lease or after service of any notice or after the commencement of any suit or after final judgment, if such notice, suit, or judgment is for possession of the Premises to which the Landlord is entitled pursuant to this Section 5, shall reinstate, continue or extend the term of this Lease or affect any such termination, notice, suit or judgment, unless Landlord so notifies Tenant in writing, provided that the payment so accepted will be credited to the Tenant's account with the Landlord.

(5) If, on account of any breach or default by Landlord in Landlord's obligations under the terms and conditions of this Lease, it shall become necessary or appropriate for Tenant to employ or consult with an attorney concerning or to enforce or defend any of Tenant's rights or remedies hereunder, Landlord agrees to pay any and all reasonable attorneys' fees so incurred. If the attorneys are employees of Tenant, the amount of the attorney's fees shall be calculated using the compensation, including benefits and the employer's share of taxes, paid or payable by the Tenant to or for the benefit of the employee as devoted by the Tenant attorneys specifically to this matter. However, the attorneys' fees shall be due only to the extent Landlord unwarrantedly shall have refused to fully resolve the matter after having been given a reasonable opportunity to do so.

6. Landlord's Liability. Notwithstanding anything to contrary contained in this Lease, Tenant agrees and understands that Tenant shall look solely to the estate and property of Landlord in the Building for the enforcement of a judgment (or other judicial decree) requiring the payment of

money by Landlord to Tenant by reason of default or breach of Landlord in performance of its obligations under this Lease, it being intended that there will be absolutely no personal liability on the part of Landlord, its successors and assigns with respect to any of the terms, covenants, and conditions of this Lease, and no other assets of Landlord or of Landlord's partners, if any, shall be subject to levy, execution, attachment or any other legal process for the enforcement or satisfaction of the remedies pursued by Tenant in the event of such default or breach, this exculpation of liability to be absolute and without exception whatsoever.

7. Hazardous Materials.

(a) Tenant agrees that it will not, in violation of Applicable Laws, release, discharge, place, hold, or dispose of any Hazardous Material (as hereinafter defined) on, under or at the Premises, in the Building, or on the Land, and that it will not, in violation of Applicable Laws, use the Premises, the Building, or the Land as a site for the treatment, storage, or disposal (whether permanent or temporary) of any Hazardous Material. Tenant further agrees that it will not knowingly cause or allow any asbestos to be incorporated into any improvements or alterations which Tenant makes or causes to be made to the Premises, or the Building.

Landlord confirms that to its knowledge except as disclosed in that certain environmental audit for the Land which has been made available for Tenant to review at the offices of Landlord, there are no Hazardous Materials on, under or at the Premises, in the Building, or on the Land in violation of Applicable Laws, and that Landlord will not release, discharge, place, hold, or dispose of any Hazardous Material on, under or at the Premises, in the Building, or on the Land in violation of Applicable Laws, and that it will not use the Premises, the Building, the Land, or any other portion thereof as a site for the treatment, storage, or disposal (whether permanent or temporary) of any Hazardous Material in violation of Applicable Laws. To the best of its knowledge, Landlord confirms that no asbestos will be incorporated into any improvements or alterations which Landlord makes or causes to be made to the Premises, or the Building. If asbestos is incorporated into any improvements or alterations which Landlord makes or causes to be made to the Premises, or the Building, Landlord shall cause it to be removed and/or treated so that occupation of the Premises is safe and lawful, and Landlord shall bear all reasonable expenses and costs incurred by Tenant for temporarily moving from the Premises while such removal and treatment work are done.

(b) Tenant hereby agrees to indemnify and defend (with counsel reasonably approved by Landlord) Landlord of, from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever (including without limitation, court costs and attorneys' fees at all tribunal levels) which may be paid, incurred or suffered by, or asserted against Landlord for, with respect to, or as a direct result of any breach by Tenant of the provisions of this Paragraph

Landlord hereby agrees to indemnify and defend (with counsel reasonably approved by Tenant) Tenant of, from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever (including without limitation, court costs and attorneys' fees at all tribunal levels) which may be paid, incurred or suffered by, or asserted against Tenant for, with respect to, or as a direct result of any breach by Landlord of the provisions of this Paragraph.

(c) For purposes of this Lease, "Hazardous Material" means and includes any hazardous or toxic substance, pollutant, contaminant, gas, or petroleum product defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Toxic Substances Control Act, as amended, or any other Federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect, or any other hazardous or toxic, waste, substance or material, gas or petroleum product, and "Applicable Laws" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Toxic Substances Control Act, as amended, or any other Federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous or toxic waste, substance or material, as now or at any time hereafter in effect, or any other hazardous or toxic waste, substance or material, gas or petroleum product.

(d) Tenant shall provide Landlord with a list of any and all Hazardous Materials released, discharged, placed, held, or disposed of on the Premises by the Tenant or actually known to Tenant, where such release, discharge, placement, holding, or disposal is in violation of this Section 7, within ten days of a request for the list by Landlord.

Landlord shall provide Tenant with a list of any and all Hazardous Materials released, discharged, placed, held, or disposed of on the Premises by the Landlord or actually known to Landlord, where such release, discharge, placement, holding, or disposal is in violation of this Section 7, within ten days of a request for the list by Tenant.

8. Holding Over. Tenant shall upon the termination of this Lease by lapse of time or otherwise, yield up immediate possession to Landlord without the requirement of notice by Landlord to Tenant of the termination of this Lease, nor any grace or cure period should Tenant fail to yield up immediate possession to Landlord. Unless the parties hereto shall otherwise agree in writing, if Landlord agrees in writing that Tenant may hold over after the expiration or termination of this Lease, the hold over tenancy shall be subject to termination by Landlord at any time upon not less than five (5) days advance written notice, or by Tenant at any time upon not less than thirty (30) days advance written notice, and all of the other terms and provisions of this Lease shall be applicable during that period, except that Tenant shall pay Landlord from time to time upon demand, as rental for the period of any hold over, an amount equal to 103% of the rent in effect on the termination date, computed on a daily basis for each day of the hold over period. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided. The preceding provisions of this Paragraph shall not be construed as Landlord's consent for Tenant to hold over.

9. Mechanic's Liens. Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord in the Premises or to charge the rentals payable hereunder for any claim in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs, and each such claim shall affect and each such lien shall attach to, if at all, only the leasehold interest granted to Tenant by this instrument. Tenant covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on

account of any labor performed or materials furnished in connection with any work performed on the Premises on which any lien is or can be validly and legally asserted against its leasehold interest in the Premises or the improvements thereon.

10. Miscellaneous.

(a) Reserved.

(b) Tenant shall have the nonexclusive right to use the parking areas owned by Landlord subject to rules and regulations as Landlord may prescribe from time to time. Parking shall be provided at a ratio of four spaces for each 1,000 rentable square foot leased.

(c) Landlord confirms to Tenant that the fee owner of the Building is Edgemont Realty, LLC (“Edgemont”). Landlord confirms to Tenant that Edgemont has leased the Building to the Landlord. While this transaction is in effect a sublease by Landlord to Tenant, and Landlord the sublandlord and Tenant the subtenant, for ease of reference, the parties shall refer to this transaction as a lease.

(d) Tenant shall fully comply with the Rules and Regulations attached hereto as Exhibit C and made a part hereof and any and all modifications thereof, or amendments thereto with respect to which Landlord notifies Tenant from time to time. Landlord shall use reasonable efforts to enforce the Rules and Regulations with respect to all occupants of the Premises and all persons against whom the Rules and Regulations apply.

(e) Tenant agrees from time to time, to deliver to Landlord, or Landlord’s designee, an estoppel certificate stating (i) that this Lease is in full force and effect, (ii) the date to which rent has been paid, (iii) the unexpired term of this Lease and (iv) such other matters pertaining to this Lease as may be reasonably requested by Landlord for it to comply with its obligations or to obtain financing. If the certificate is limited to items i, ii, and iii, Tenant shall deliver the certificate within ten days after request of Landlord. If the certificate includes item iv, Tenant shall deliver the certificate within 20 days after request of Landlord. It is understood and agreed that Tenant’s obligation to furnish such estoppel certificates in a timely fashion is a material inducement for Landlord’s execution of this Lease.

(f) Notwithstanding any other provision in this Lease, Landlord shall not be in default in the performance of any of Landlord’s obligations under this Lease unless and until Landlord shall have failed to perform such duties or obligations within thirty (30) days (or such additional time as is reasonably required to correct any such default) after written notice by Tenant to Landlord, and to any mortgagee with a lien on the Land or the Building, properly specifying wherein Landlord has failed to perform any such duty or obligation. That obligation to give notice to mortgagees applies with respect only to mortgagees whose names and addresses shall have been provided by Landlord to Tenant by a notice to Tenant, but only if the notice to Tenant prominently states “This notice is given pursuant to Section 10(f) of Exhibit A of the Lease between Edgemont Tenant, LLC and City of Durham for Space in Building 5at Golden Belt, 807 East Main Street.” Notwithstanding any other provision in this Lease, Tenant shall not be in default in the performance of any of Tenant’s obligations under this Lease unless and until Tenant shall have failed to perform such duties or obligations within thirty (30) days (or such additional time as is reasonably required to correct any such default) after written notice by

Landlord to Tenant except that all rent payments hereunder must be paid within ten (10) days after when due. Landlord shall have no liability for any incidental or consequential damages of Tenant, or anyone claiming by, through or under Tenant, for any breach of this Lease. Tenant shall have no liability for any incidental or consequential damages of Landlord, or anyone claiming by, through or under Landlord, for any breach of this Lease, including the Rules and Regulations.

(g) Time if of the essence of the time periods provided in this Lease.

[END OF TEXT]

## EXHIBIT A Existing Floor Plan

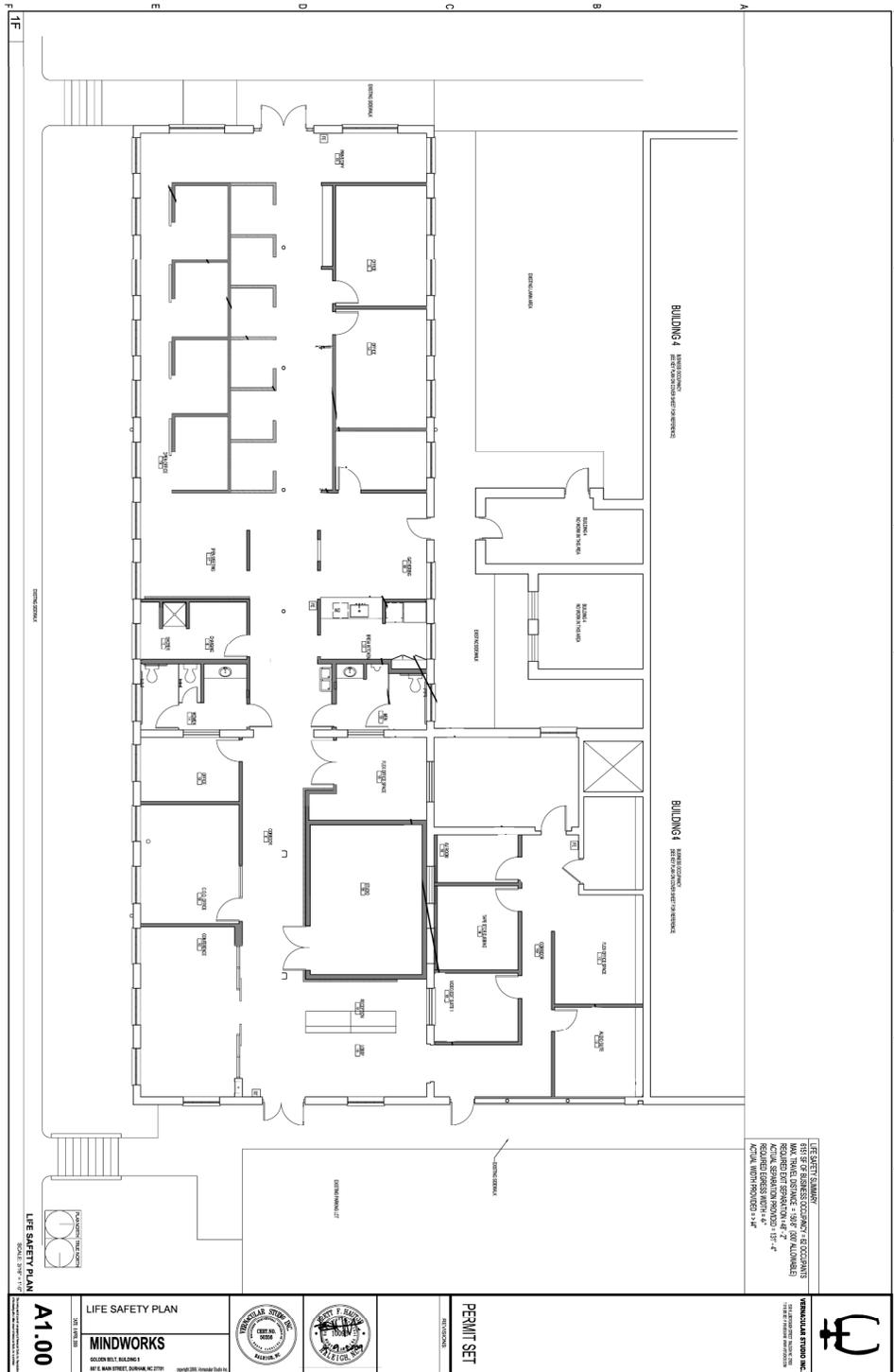




EXHIBIT B-1 - COST ESTIMATE

OEWD 5/31/2013  
 Pricing per notated PDF plan

	<u>Base</u>	<u>Add/Alt</u>	<u>Delta</u>
1	<b>\$11,926</b>	\$10,804	<b>(\$1,122)</b>
2	<b>\$5,957</b>		
3	<b>\$564</b>	\$898	\$334
4	<b>\$7,938</b>		
5	<b>\$7,130</b>		
6	\$1,359	<b>\$2,227</b>	\$868
7	\$1,633	<b>\$3,257</b>	\$1,624
8	<b>\$5,062</b>		
9	<b>\$1,152</b>	\$2,400	\$1,248
10	<b>\$6,261</b>		
11	<b>\$376</b>		
12	<b>\$4,973</b>		
13	<b>\$6,785</b>		

- 63,608 OEWD's selected adds in **bold** per 5/31/13 email from Amy Sears
  - 5,500 Estimate for architectural and engineering drawings (assume \$5-6k)
  - 1,500 Estimate for sprinkler and fire alarm alterations
  - 3,050 add underfloor phone/data conduit and boxes to existing conference room (per TS meeting on site)
  - 2,600 relocate mini-split HVAC air handler to server/mechanical room (per TS meeting on site)
  - 625 add power and phone/data conduits in flex space for 2nd copier/printer location (per TS meeting on site)
- \$76,883 TOTAL

**EXHIBIT B-2**  
Work Letter

This Exhibit ("Exhibit B-2") sets forth the rights and obligations of Landlord and Tenant with respect to space planning, engineering, final drawings, and the construction and installation of any improvements to the Premises to be completed before the Commencement Date ("Tenant Improvements"). This Exhibit B-2 contemplates that the performance of this work will proceed in four stages in accordance with the following schedule: (i) preparation of a space plan; (ii) final design and engineering and preparation of final plans and specifications and working drawings (the items in this part "ii" being collectively, the "Plans"); (iii) preparation by the General Contractor (as hereinafter defined) of an estimate of the cost of the Tenant Improvements; (iv) submission to, and approval of Plans by, appropriate governmental authorities and construction and installation of the Tenant Improvements by the Landlord by the applicable Commencement Date.

**1. Allowance.** (a) Landlord agrees to provide an allowance of up to \$80,000, to install, supply and otherwise to construct the Tenant Improvements in the Premises that will become a part of the Building (the "Tenant Improvement Allowance"). Tenant is fully responsible for the payment of all costs in connection with the Tenant Improvements in excess of the Tenant Improvement Allowance for additional costs incurred in the upfit that are approved by Tenant in writing. The Tenant Improvement Allowance may not be used by Tenant as an offset against any rent payments due hereunder.

(b) Tenant agrees to pay to Landlord, within thirty (30) days of receipt of an invoice, all costs and expenses in excess of the Tenant Improvement Allowance incurred in connection with the Tenant Improvements to the extent the costs and expenses are approved by Tenant in writing. Tenant will be billed for such costs and expenses as follows and will pay said costs and expenses within thirty (30) days of invoice: (i) fifty percent (50%) of such costs and expenses shall be due and payable within 30 days of receipt of an invoice after Tenant's approval of the cost estimates for the Tenant Improvements; (ii) forty-five percent (45%) of such costs and expenses shall be due and payable within 30 days of receipt of an invoice after such work is substantially completed and the Premises are ready for delivery to Tenant; (iii) five percent (5%) of such costs and expenses shall be due and payable within 30 days of receipt of an invoice after final completion of all punch list items. Failure of Tenant to remit any payment required by this subsection (b) shall be a default hereunder and shall be treated hereunder in the same manner as a default of Tenant in paying Base Rent hereunder.

(c) Unless otherwise specified in the Plans, materials used by Tenant in its upfit at the Building shall be customary for this type of upfit and Building and readily available in the market where the Building is located, all as reasonably determined by Landlord.

(d) The Final Plans are included on Exhibit B.

(e) Should Tenant default under this Exhibit, Landlord shall have the right to cease all work under this Exhibit until such time as Tenant shall cure any such default and any delay in Tenant commencing and completing any such cure shall be a delay by Tenant under this Exhibit.

**2. Space Planning, Design and Working Drawings.** On Tenant's behalf, Landlord

shall select architects and engineers (“Designers”), who will prepare construction drawings, and the Plans with input from Tenant. Any modifications of the Plans sought by Tenant shall be reviewed with Landlord and its Designers.

**3. Work and Materials.** Landlord and Tenant will mutually and reasonably agree upon General Contractor chosen to construct and install the Tenant Improvements in accordance with the Plans (the “Work”) which expense shall be deducted from the Tenant Improvement Allowance. Landlord shall ensure that the General Contractor completes the Tenant Improvements by the Commencement Date and shall manage the construction of the Tenant Improvements. All vendors and subcontractors for the upfit will be negotiated or bid by the General Contractor.

a. Upon the execution of this lease, Landlord shall be fully authorized to have the General Contractor proceed with the Work so that the General Contractor can substantially complete the Tenant Improvements by the Commencement Date.

b. Any changes in the approved cost of the Work shall be by in writing and signed by the Landlord with written approval by Tenant (each a "Change Order"). Tenant shall have five (5) Business Days after receiving the proposed Change Order to review and approve a Change Order or provide objections to same. If after five (5) Business Days Landlord has not received Tenant's approval of the Change Order and its cost, or any such objections, Tenant shall be deemed to approve the Change Order and its cost and Landlord shall be fully authorized to have the General Contractor proceed with the Work so that the General Contractor can substantially complete the Tenant Improvements by the Commencement Date. Tenant acknowledges that the following items may result in change orders:

i. Municipal or other governmental inspectors require changes to the Premises such as code compliant changes. In such event, Landlord will notify the Tenant of the required changes, but the increased cost of such changes, if any, and any delay associated with such changes shall be the responsibility of the Tenant unless due to Landlord or Designer error and may be charged against any unused Tenant Improvement allowance.

ii. Tenant makes changes to the Plans or requests additional work. Tenant will be notified of the cost and any delays and increased costs that would result from the Change Order before the changes are implemented. Any increased costs and delays due to such Tenant charges shall be the responsibility of Tenant and may be charged against any unused Tenant Improvement allowance. Any delays caused by such changes shall not delay the Commencement Date of the Lease. Landlord shall not charge Tenant any administrative fees in respect of any Change Order.

iii. If materials are not readily available, require quick ship charges, or require substitution; in which event, Tenant will be given notice and the opportunity to select alternate materials.

c. Reserved.

d. Landlord shall insure that its architect conducts a periodic review of the progress of construction to ensure compliance with the Plans.

e. Review and approval by Landlord of the Plans shall not constitute a representation or warranty by Landlord with respect to the Plans, or their compliance with applicable laws, statutes, regulations or ordinances, or their suitability or sufficiency for the purposes contemplated therein as such representations and warranties are the role of the architect.

4. **Repairs and Corrections.** All manufacturers' and builders' warranties with respect to the Work shall be issued to or transferred to Tenant to the extent necessary to assist Tenant in effecting any of Tenant's repair obligations under the Lease, without recourse to the Landlord. Tenant shall repair or correct any defective work or materials installed by Tenant or any contractor other than the General Contractor, or any work or materials that prove defective as a result of any act or omission of Tenant or any of its employees, agents, invitees, licensees, subtenants, customers, clients, or guests, provided that selection of materials by Tenant is not such an act or omission, and provided further that work and materials done or installed by the General Contractor or its vendors and subcontractors is not such an act or omission. For purposes of this section, Landlord will not be considered to be Tenant's agent, invitee, licensee, subtenant, customer, client, or guest.

Landlord shall warrant the work performed by Landlord under this Lease for a period of one year after the Commencement Date and shall repair any deficiencies with respect thereto which shall be the remedy of Tenant for any defect in materials provided by Landlord hereunder.

5. **Punchlist work.** On the Commencement Date, Landlord and Tenant shall prepare a punchlist of items requiring repair or other work, and Landlord shall use all reasonable efforts to resolve all items noted on the Punchlist within thirty (30) days of the issuance by the architect of Landlord of a certificate of substantial completion.

6. **Move-In by Tenant.** Tenant shall schedule its move into the Premises with the Landlord prior to occupying any portion of the Premises.

[END OF TEXT]

**EXHIBIT C**  
Rules and Regulations

1. Building holidays are New Year's Day, Martin Luther King, Jr. Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
2. The sidewalks, common areas, and public portions of the Building, such as entrances, passages, courts, elevators, vestibules, stairways, corridors or halls, and the streets, alleys or ways surrounding or in the vicinity of the Building will not be obstructed by Tenant, even temporarily, or encumbered by Tenant or used for any purpose other than ingress to and egress from the Premises.
3. No awnings or other projections will be attached to the outside walls of the Building.
4. No sign, advertisement, notice or other lettering will be exhibited, inscribed, painted or affixed by Tenant on any part of the outside of the Premises or Building unless approved by Landlord. Signs on entrance doors will be inscribed, painted or affixed for each tenant by sign makers approved by Landlord. In the event of the violation of the foregoing by Tenant, Landlord may remove same without notice to Tenant or any liability therefor, and may charge the expense incurred by such removal to Tenant.
5. The sashes, sash doors, skylights, windows, heating, ventilating and air conditioning vents and doors that reflect or admit light and air into the halls, passageways or other public places in the Building will not be covered or obstructed by Tenant.
6. No show cases or other articles will be put in front of or affixed to any part of the exterior of the Building, nor placed in the public halls, corridors, or vestibules without the prior written consent of Landlord.
7. The bathrooms and plumbing fixtures will not be used for any purposes other than those for which they were designed, and no sweepings, rubbish, rags, or other substances will be thrown therein. All damages resulting from any misuse of the bathrooms or fixtures will be the responsibility of Tenant.
8. Tenant will not in any way deface any part of the Premises or the Building.
9. No bicycles, vehicles, or animals of any kind, except for assistance animals and vehicles, such as wheelchairs, used by handicapped individuals, will be brought into or kept in or about the Premises or in the Building except that bicycles and vehicles may be parked and stored in designated areas. No cooking will be done or permitted by Tenant on the Premises except in conformity with all Applicable Laws and then only in the area designated as a kitchen, if any, on the Premises of Tenant, which is to be primarily used by Tenant's employees for heating beverages and light snacks. Tenant will not cause or permit any unusual or objectionable odors to be produced upon or permeate from the Premises.

10. All desks will be serviced by chairs with rollers that are equipped with floor mats underneath each chair.
11. No space in the Building will be used for the sale of merchandise, goods, or property of any kind at auction except in the ordinary course of business of Tenant.
12. Tenant will not make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with occupants of the Building or neighboring buildings or premises or those having business with them, whether by the use of any musical instrument, radio, talking machine, unmusical noise, whistling, singing, or in any other way. Tenant will not throw anything out of the doors, windows or skylights or down the passageways.
13. Neither Tenant, nor any of Tenant's servants, employees, agents, visitors, or licensees, will at any time bring or keep upon the Premises any inflammable, combustible or explosive fluid, or chemical substance, other than reasonable amounts of cleaning fluids or solvents required in the normal operation of Tenant's business offices and reasonable amounts of butane or similar "cigarette" lighters.
14. No additional locks or bolts of any kind will be placed upon any of the doors, walls, accessways, or windows by Tenant, nor will any changes be made in existing locks or the mechanism thereof, without the prior written approval of Landlord and unless and until a duplicate key or access card, as applicable, is delivered to Landlord. Tenant will, upon the termination of its tenancy (i) return to Landlord all keys for the Premises and for any area of the Building, or common areas, either furnished to, or otherwise procured by Tenant, (ii) Reserved (iii) in the event of the loss of any keys furnished to Tenant by Landlord, Tenant will pay to Landlord the cost thereof unless the lock will be changed before another Tenant occupies the Premises.
15. Tenant will not overload any floor.
16. Tenant will not occupy or permit any portion of the Premises to be used for the possession, storage, manufacture or sale of liquor, narcotics, or tobacco in any form.
17. Tenant will be responsible for all persons for whom it issues passes and/or keys and will be liable to Landlord for all acts of such persons.
18. The Premises will not be used for lodging or sleeping.
19. The requirements of Tenant will be attended to only by Landlord or the property manager of the Premises.
20. Canvassing, soliciting, and peddling in the Building are prohibited and Tenant will cooperate to prevent the same.

21. All paneling, and other wood products not considered furniture will be of fire retardant materials.
22. No smoking is permitted in the Premises, in the Building, or on the Land.
23. No weapons concealed or visible are permitted in the Premises, in the Building, or on the Land.
24. In the event the Premises constitute an outdoor patio, exterior generator area, or any open area adjacent to the Premises or on the Land designated under the Lease for the exclusive use of Tenant, Tenant will use furniture and other equipment in any such areas in form, coloring, substance, design and quality subject to the prior approval of Landlord. In addition, any outdoor patio, exterior generator area, or other open area must be screened on all sides using materials in form, substance, coloring, design, and quality are subject to the prior approval of Landlord, and must be designed and constructed in accordance in accordance with plans and specifications that are subject to the prior approval of Landlord.

Whenever the above rules conflict with any of the rights or obligations of Tenant pursuant to the provisions of the Lease, the provisions of the Lease will govern. Landlord will not be responsible to Tenant or liable for the non-observance or violation of any of these Rules and Regulations by any other tenant.

[END OF TEXT]

**EXHIBIT D**

Subordination, Non-Disturbance  
and Attornment Agreement

PREPARED BY AND RETURN TO: Self-Help Ventures Fund, P.O. Box 3619, Durham, NC 27702

**SUBORDINATION, NON-DISTURBANCE  
AND ATTORNMENT AGREEMENT**

THIS AGREEMENT, made as of the \_\_\_\_\_ day of \_\_\_\_\_, 201\_, by and among SELF-HELP VENTURES FUND, a North Carolina nonprofit corporation ("Lender"), EDGEMONT TENANT, LLC, a North Carolina limited liability company ("Landlord") and CITY OF DURHAM, a North Carolina municipal corporation ("Tenant").

WITNESSETH:

WHEREAS, the Lender and Edgemont Realty, LLC, a North Carolina limited liability company ("Borrower") are parties to that certain Loan Agreement, dated January 7, 2008, whereby Lender has agreed to make a loan to Borrower in the maximum principal amount of \$12,000,000 (the "Loan"), which is further evidenced by that certain Promissory Note, dated as of January 7, 2008, from Borrower to Lender (the "Note"). The Loan is secured by that certain Future Advances Deed of Trust, Security Agreement, Assignment of Leases and Fixture Filing (the "Mortgage") from Borrower, which was recorded in the Register of Deeds of Durham County, North Carolina at Book 5844, Page 778. The Mortgage encumbers certain real and personal property owned by the Borrower that is located in Durham County, North Carolina and is described more particularly on Exhibit A attached hereto (the "Premises") with a first lien in favor of Lender; and

WHEREAS, Tenant is the holder of a leasehold estate under and pursuant to that certain Lease Agreement dated \_\_\_\_\_ (together with all inserts and riders thereto and all amendments, supplements, replacements and other modifications thereof, the "Lease") with Landlord for the Premises as more particularly described therein; and

WHEREAS, the parties hereto desire to set forth their rights in connection with said Lease and Mortgage.

NOW, THEREFORE, in consideration of the covenants hereinafter contained and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

1. Lease Subordination. The Lease and all of the terms, covenants and provisions thereof and the entire right, title and interest of Tenant thereunder shall be and hereby are made subject and subordinate in all respects to the Mortgage and to the lien thereof and to all the terms, conditions and provisions thereof, and to any renewals, extensions, increases, modifications, consolidations or replacements thereof.

2. Conditional Non-Disturbance. Provided that a Termination Event (hereinafter defined) shall not have occurred, Lender shall not name Tenant as a party defendant to any action for foreclosure or other enforcement of the Mortgage (unless required by law), nor shall the Lease be terminated by Lender in connection with, or by reason of, foreclosure or other proceedings for the enforcement of the Mortgage, or by reason of a transfer of the Landlord's interest under the Lease pursuant to the taking of a deed or assignment in lieu of foreclosure (or similar device). As used herein, "Termination Event" means any default by the Tenant under this Agreement or the Lease that exists after the end of any applicable notice and cure period.

3. Attornment.

(a) In the event that Lender or any other person or entity shall succeed to the rights of Landlord under the Lease, whether through possession or foreclosure action or delivery of a new lease or deed, then at the request of such party so succeeding to Landlord's rights (hereinafter sometimes called a "successor landlord"), Tenant shall attorn to and recognize such successor landlord as its new landlord under the Lease, and Tenant shall promptly execute and deliver such instruments that such successor landlord may reasonably request to evidence such attornment. Tenant hereby waives the provisions of any statute or rule of law now or hereafter in effect that may give or purport to give it any right or election to terminate or otherwise adversely affect the Lease or the obligations of Tenant thereunder by reason of any foreclosure or other action whatsoever in enforcement of the Mortgage.

(b) Upon such attornment as provided in subparagraph 3(a) above, provided a Termination Event has not occurred, the Lease shall continue in full force and effect as, and as if it were, a direct lease between Tenant and such successor landlord upon all of the terms, covenants, conditions and agreements as set forth in the Lease, and Tenant shall, from and after the successor landlord's succession to the interest of Landlord under the Lease, have the same remedies against such successor landlord for the breach of any agreement contained in the Lease that Tenant might have had under the Lease against Landlord if the successor landlord had not succeeded to the interest of Landlord; provided, however, that the successor landlord shall not be: (i) liable for any accrued obligation or previous act or omission of any prior landlord under the Lease (including Landlord); (ii) subject to any credits, claims, offsets or defenses which Tenant might have against any prior landlord (including Landlord) or to the payment of rent or other performance under the Lease; (iii) required to account for any security deposit other than any security deposit actually delivered to the successor landlord; (iv) bound by any previous material modification of the Lease or by any previous prepayment of more than one month's rent, unless such material modification or prepayment shall have been expressly approved in writing by Lender or such successor landlord; or (v) obligated to commence or complete any construction or to make any contribution toward construction or installation of any improvements upon the Premises required under the Lease or any expansion or rehabilitation of existing improvements thereon. Nevertheless, the duties arising under the Lease to maintain and repair the Premises are not affected by this instrument.

4. Tenant's Assurances. Tenant shall provide Lender with prompt notice of any asserted default against Landlord under the Lease. Tenant shall not, without obtaining the prior written consent of Lender, (i) enter into any agreement materially amending, materially modifying or terminating the Lease, (ii) prepay any of the rents, additional rents or other sums due under the Lease for more than one (1) month in advance of the due dates thereof, (iii) voluntarily surrender the premises demised under the Lease or terminate the Lease without cause or shorten the term thereof, or (iv) assign the Lease or sublet the premises demised under the Lease or any part thereof other than pursuant to the provisions of the Lease. Any such material amendment, material modification, termination, prepayment, voluntary surrender, assignment or subletting, without Lender's prior consent, shall not be binding upon Lender or any successor landlord.

5. Tenant's Representations. Tenant hereby represents and warrants to Lender that as of the date hereof (i) Tenant is the owner and holder of the tenant's interest under the Lease, (ii) the Lease has not been modified or amended except for modifications and amendments previously submitted to and approved by Lender, (iii) the Lease is in full force and effect, (iv) neither Tenant nor Landlord is in default under any of the terms, covenants or provisions of the Lease and Tenant knows of no event which but for the passage of time or the giving of notice or both would constitute an event of default by Tenant or Landlord under the Lease, (v) neither Tenant nor Landlord has commenced any action or given or received any notice for the purpose of terminating the Lease, (vi) all rents, additional rents and other sums currently due and payable under the Lease have been paid in full, and (vii) there are no offsets or defenses to the payment of the rents, additional rents, or other sums payable under the Lease.

6. Payments to Lender of Payments Under the Lease. Tenant acknowledges that it has notice that the Landlord's interest under the Lease and the rent and all other sums due thereunder have been assigned to Lender as part of the security for the indebtedness secured by the Mortgage. In the event that Lender notifies Tenant of any event of default under the Mortgage and demands in writing that Tenant pay rent and all other sums due under the Lease to Lender, Tenant agrees that it shall pay rent and all other sums due under the Lease directly to Lender without notice to or the consent of Landlord

and without any obligation on the part of Tenant to determine whether or not the Mortgage is in fact in default. Tenant shall incur no liability to Landlord if Tenant relies in good faith on such written notice to begin rent payments to Lender. The non-disturbance covenants of Lender provided in Paragraph 2 are subject to the undertaking by Tenant to pay rent and all other such sums directly to Lender after Tenant's receipt of the notice described above.

7. Estoppel Certificates. Whenever reasonably requested by Lender, Landlord and Tenant from time to time shall severally execute and deliver to Lender, and without charge to Lender, an estoppel certificate setting forth such information as Lender may reasonably require to confirm the current status of the Lease including, without limitation, a confirmation that the Lease is and remains in full force and effect.

8. Miscellaneous.

(a) This Agreement may not be modified except by an agreement in writing signed by the parties or their respective successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective successors and assigns.

(b) Nothing contained in this Agreement shall in any way impair or affect the lien created by the Mortgage except as specifically set forth herein.

(c) Tenant further agrees that in the event there is any inconsistency between the terms and provisions hereof and the terms and provisions of the Lease dealing with nondisturbance, the terms and provisions hereof shall be controlling.

(d) All notices, demands or requests made pursuant to, under, or by virtue of this Agreement must be in writing sent by any overnight courier service providing dated evidence of delivery or mailed by certified or registered mail, return receipt requested to the party to whom the notice, demand or request is being made at its address set forth below. Any party may change the place that notices and demands are to be sent by written notice delivered in accordance with this Agreement.

Landlord:  
Edgemont Tenant, LLC  
c/o Scientific Properties, LLC  
280 Mangum Street, Suite 340  
Durham, NC 27701

Tenant:  
Real Estate Division  
General Services Department  
City of Durham  
101 City Hall Plaza  
Durham NC 27701-3329

and

City Attorney  
101 City Hall Plaza  
Durham, NC 27701-3329

Lender:

Self-Help Ventures Fund  
Attention: Commercial Loan Operations

P.O. Box 3619  
Durham, NC 27702

(e) The Tenant agrees that it shall execute a subordination nondisturbance and attornment agreement in form and substance substantially similar to this Agreement with any lender designated by the Landlord or any successor landlord. Failure of the Tenant to do so shall constitute a default under this Agreement and under the Lease. If any of the terms of this Agreement or the application thereof to any person or entity or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of any such terms to any person or entity or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(f) This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina, exclusive of choice of law principles.

(g) To the fullest extent permitted by law, the parties hereto each hereby irrevocably and unconditionally:

(i) agree that any action, suit or proceeding by any person or entity arising from or relating to this Agreement or any statement, course of conduct, act, omission or event in connection therewith (collectively, "Related Litigation") shall be brought in any Court located in Durham County or the Middle District federal court of competent jurisdiction sitting in the State of North Carolina, submit to the jurisdiction of such courts, and agree not to bring any Related Litigation in any other forum;

(ii) acknowledge that such courts will be the most convenient forum for any Related Litigation, waive any objection to the laying of venue of any Related Litigation brought in any such court, waive any claim that any Related Litigation brought in any such court has been brought in an inconvenient forum, and waive any right to object, with respect to any Related Litigation, that such court does not have jurisdiction over it;

(iii) consent and agree to service of any summons, complaint or other legal process in any Related Litigation by registered or certified U.S. mail, postage prepaid, to it at the address for notices described in this Agreement, and consent and agree that such service shall constitute in every respect valid and effective service if the summons, complaint or other legal process includes a notice that such service is effective because of this section 8(g)(iii) of this SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (but nothing herein shall affect the validity or effectiveness of process served in any other manner permitted by law); and

(iv) to the extent permissible under applicable law, waive the right to trial by jury in any Related Litigation.

(h) This Agreement may be executed in one or more counterparts by some or all of the parties hereto, each of which counterparts shall be an original and all of which together shall constitute a single agreement.

[remainder of page intentionally left blank]

WITNESS the due execution hereof as a document under seal, as of the date first written above, with the intent to be legally bound hereby.

EDGEMONT TENANT, LLC, a North Carolina limited liability company

BY: EDGEMONT MANAGER, LLC

BY: WOODLAKE AVENUE PARTNERS, LLC

BY: SCIENTIFIC PROPERTIES, LLC

By:  
Barbra Rothschild, Managing Member

SELF-HELP VENTURES FUND, a North Carolina nonprofit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CITY OF DURHAM, a North Carolina municipal corporation

By: \_\_\_\_\_

STATE OF NORTH CAROLINA

DURHAM COUNTY

I, the undersigned, a Notary Public of County and State aforesaid, certify that the following person(s) personally appeared before me this day, and

- I have personal knowledge of the identity of the principal(s)
- I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a \_\_\_\_\_
- A credible witness has sworn to the identity of the principal(s);

each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: \_\_\_\_ as the \_\_\_\_ for Self-Help Ventures Fund.

Witness my hand and official seal, this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

My commission expires: \_\_\_\_\_  
\_\_\_\_\_ Notary Public

[NOTARY SEAL] \_\_\_\_\_  
Print Name of Notary

**LEASE BETWEEN EDMONT TENANT, LLC AND CITY OF DURHAM FOR SPACE IN BUILDING 5 OF GOLDEN BELT, 807 EAST MAIN STREET, DURHAM, NC**

STATE OF NORTH CAROLINA

DURHAM COUNTY

I, the undersigned, a Notary Public of County and State aforesaid, certify that the following person(s) personally appeared before me this day, and

- I have personal knowledge of the identity of the principal(s)
- I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a \_\_\_\_\_
- A credible witness has sworn to the identity of the principal(s);

each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: \_\_\_\_\_ as the \_\_\_\_\_ for the City of Durham.

Witness my hand and official seal, this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

My commission expires: \_\_\_\_\_  
\_\_\_\_\_ Notary Public

[NOTARY SEAL] \_\_\_\_\_  
Print Name of Notary

STATE OF NORTH CAROLINA

DURHAM COUNTY

I, the undersigned, a Notary Public of County and State aforesaid, certify that the following person(s) personally appeared before me this day, and

- I have personal knowledge of the identity of the principal(s)
- I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a \_\_\_\_\_
- A credible witness has sworn to the identity of the principal(s);

each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Barbra Rothschild as the Managing Member of Scientific Properties, LLC, the managing member of Woodlake Avenue Partners, LLC, the managing member of Edgemont Manager, LLC, the managing member of Edgemont Tenant, LLC.

Witness my hand and official seal, this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

My commission expires: \_\_\_\_\_  
\_\_\_\_\_ Notary Public

[NOTARY SEAL] \_\_\_\_\_  
Print Name of Notary