

LEASE AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of July, 2017 by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, whose address is 200 East Main Street, Lexington, Kentucky 40507, (the "Owner"), and **KENTUCKY MEDICAL SERVICES FOUNDATION, INC. f/b/o UNIVERSITY OF KENTUCKY**, by and through the Albert B. Chandler Medical Center, College of Medicine, Department of Pediatrics, whose address is 2333 Alumni Park Plaza #200, Lexington, Kentucky 40517, (the "Tenant"),

WITNESSETH:

1. PREMISES. The leased premises, hereinafter called the "Premises", are identified and described as follows: approximately 7,120 square feet of rentable space located on the first floor of the Family Care Center located at 1135 Harry Sykes Way in Lexington, Kentucky, and more specifically identified on Exhibit A of this Agreement.

2. USE.
 - a. The Premises shall be used by Tenant as a primary care medical facility for service to low income persons, including dental services, and shall not be used for any other purpose without the prior written consent of Owner.

 - b. Tenant shall ensure that the Medical Facility and all physicians, residents and students and other health care providers providing professional services on the Premises are qualified for participation in, and reimbursement under, the Medicare and Medicaid programs. Tenant also agrees that health care services shall be provided to patients regardless of their ability to pay in accordance with the indigent care policies of the University of Kentucky Medical Center.

 - c. Tenant shall not use the Premises in any manner constituting a violation of any ordinance, statute, regulation, or order of any governmental authority. Tenant shall use the Premises in a safe, careful, proper, and lawful manner and shall keep and maintain the Premises in as good a condition as when Tenant first took possession thereof, and Tenant shall not commit, or allow to be committed, any act of waste, in or about the Premises or the Building. Tenant shall not create, maintain, or permit any nuisance in the Premises or the Building, or permit any objectionable or offensive noise or odors to be emitted from the Premises. If Tenant uses the Premises in any manner which would invalidate any policy of insurance now or hereafter carried on the Building or increase the rate of premiums payable on any such insurance policy, Owner may, at its option, require Tenant to discontinue such use or to reimburse Owner as additional rent for any increase in premiums attributable to the use being made by the Tenant. Tenant shall comply with the Rules and Regulations governing the use and occupancy of the building, which Rules and Regulations are attached hereto as Exhibit

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"C". Owner may amend the Rules and Regulations from time to time, and a written copy of such amendments will be given to Tenant who shall thereafter comply with the same.

- d. Any Tenant improvements to the Premises must be approved in writing by Owner prior to construction. Upon completion of construction, Tenant must provide copies of all required governmental approvals and permits, a copy of the certificate of occupancy, and original copies of full lien waivers from all contractors and materialmen. Such documents must be delivered by Tenant to Owner prior to Tenant occupying the Premises.
3. TERM. The term of this Agreement shall be for a period of five (5) years, beginning on July 1, 2017, and ending June 30, 2022.
4. RENT. Tenant agrees to pay the Owner annual rent as specified in Exhibit B for use of the Premises. The rental payments shall be made at the Owner's notice address in paragraph 25 in advance on or before first (1st) day of the month. Payments shall be made on the following basis: Monthly Quarterly
5. UTILITIES AND SERVICES. Owner shall be responsible for providing and paying for all utilities to the Premises, including electricity, gas, water, heat, and sewer. Tenant shall pay for any other utilities, as well as telephone, internet, and cable television. Owner shall provide janitorial and cleaning services for common areas of the building, if there be any. Owner does not warrant that any services provided by Owner will be free from interruption due to causes beyond Owner's reasonable control. The temporary interruption of services or delay in the making of repairs will not be deemed an eviction or disturbance of Tenant's use and possession of the Premises or render Owner liable to Tenant for damages by set-off or abatement of rent or otherwise, nor will it relieve Tenant from performance of Tenant's obligations under this Agreement.
6. SECURITY DEPOSIT. Tenant shall pay a Security Deposit, equal to zero (0) month's rent to Owner upon the full execution of the Agreement. The security deposit is refundable by Owner to Tenant at the expiration of the lease term or any extension thereof, and surrender of the Premises subject to the Tenant's performance of its duties and obligations under the terms of the Agreement.

Upon the expiration or earlier termination of this Lease, Tenant shall immediately surrender the Premises to Owner in broomclean condition and in good order, condition, and repair, except for ordinary wear and tear and damage which Tenant is not obligated to repair, failing which Owner may restore the Premises to such conditions at Tenant's expense.

7. TAXES AND FEES. Tenant agrees to pay all applicable taxes and assessments against its personal property, and any applicable permit, regulatory

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and/or license fees. Tenant is not responsible for any applicable real property taxes.

8. COMPLIANCE WITH ORDINANCES, STATUTES, STATE AND FEDERAL LAWS. Tenant shall comply and cause its employees and agents to comply with all ordinances, statutes, state and federal laws, and reasonable operational procedures and standards established by the Owner in connection with the use of the Premises.
9. INSPECTIONS. Owner shall have the right to inspect the Premises at any time during Tenant's normal hours of operation. Owner shall have free access to the Premises at all reasonable times for the purpose of examining the same, or to make any alterations or repairs to the Premises that Owner deems necessary for its safety or preservation. Owner shall have the right to inspect the Premises outside Tenant's normal hours of operation with 24 hours prior notice.
10. ALTERATIONS TO THE PREMISES AND FIT-UP COSTS. Before any physical improvements or changes to the Premises may be made by Tenant, including painting, Tenant shall obtain prior written approval for such changes from Owner, which approval may be withheld. Any and all improvements once installed, affixed or located in or on the Premises shall be and remain on the Premises and belong to Owner as further consideration of this Agreement. All inventory, furnishings, trade fixtures and other equipment (not permanently attached to the Premises) may be removed by Tenant upon termination of the Agreement, at Tenant's sole expense, provided such removal does not damage the Premises.

Tenant, at Owner's request, shall remove its personal property and fixtures and shall restore the Premises to the condition existing prior to the items so removed.

11. MAINTENANCE AND USAGE OF THE PREMISES.
 - a. Owner shall at its expense keep in good order, condition and state of repair the structural portions of the Premises the plumbing, heating, air-conditioning, electrical service to the Premises and the common areas in the Building; provided, however, that Owner's obligation to make such repairs shall not relieve Tenant of the obligation of paying its share of any operating costs under the provisions of Exhibit B, and provided further that Tenant shall reimburse Owner upon demand for the cost of repairing any damage to the Premises or the Building caused by the deliberate act or negligent act of Tenant or its employees, agents or invitees. Tenant shall, at its expense, keep in good order, condition, state of repair all portions of the Premises other than those to be maintained and repaired by Owner under the foregoing provisions. In the event Tenant fails to comply with the requirements of the foregoing sentence, Owner may make such maintenance and repair and the costs thereof with interest at fifteen (15%) percent per annum shall be immediately payable to Owner as additional

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rent. Tenant shall ensure that the Premises are maintained in a neat and orderly condition at all times at its own expense. Tenant shall be responsible for replacing light bulbs and HVAC filters, as well as providing pest control services, on the Premises as necessary.

- b. Excepted from Owner's obligation to repair are any repairs made necessary by reason of damage due to fire or other casualty loss covered by standard fire and extended coverage insurance.
- c. Tenant shall use common areas, if there are any, in such manner so as not to interfere with the use of common areas by other occupants of the building.
- d. Tenant shall reimburse Owner for any fines, penalties and costs and all liability for violation or non-compliance with any requirements related to the Premises imposed as a result of Tenant's failure to repair.

Intentional damage to the Premises shall entitle Owner to terminate the Lease, to repossess the Premises, and to require Tenant to make necessary repairs to the Premises.

- e. With the exception of service animals, dogs and other animals are not permitted on the Premises.

12. SECURITY. Tenant shall have adequate procedures in place to ensure that, if needed, office doors are secured at the end of the business day and that outside doors are secured and keys are distributed to personnel only as necessary. Owner shall maintain a master key in its possession for emergency access to the Premises.

13. PARKING. Tenant shall direct all Tenant employees to park only in those spaces that may be assigned in writing to Tenant by Owner.

14. INDEMNIFICATION AND INSURANCE.

- a. Malpractice Insurance – Tenant is an agency and instrumentality of the Commonwealth of Kentucky, is vested with sovereign immunity and is subject to the provisions of the Kentucky Board of Claims, KRS 44.070 et seq. for the recovery of tort claims made against the University of Kentucky (UK), its agents, officers or employees. UK is self-insured pursuant to the provisions of KRS 164.939, et seq. which provides for paying of claims or judgements resulting from any tort or breach of duty based on health care services rendered or which should have been rendered by UK or its agents. Agents of UK include members of the Board of Trustees, faculty, staff, nurses, volunteer workers, employees, students, physicians and dentists providing care within the

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scope of their duties or courses of study. In addition, UK maintains commercial excess general and medical malpractice liability insurance for itself, its agents, officers, employees and students.

- b. Indemnification - Tenant agrees, to the extent allowed by law, to indemnify, defend and hold harmless Owner and its agents, officials and employees, from any and all claims, liabilities, loss, damages, actions of whatever kind or expense including defense costs and attorney fees that are in anyway incidental or connected with or that arise or alleged to have arisen, directly or indirectly in whole or in part from Tenant's or its invitees' use of the Premises. Owner shall not be liable for any loss or damage to persons or property of the Tenant or others located in the Premises or the loss of or the damage to any property of Tenant or others by theft or otherwise from the Premises. Owner shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling material, steam, gas, electricity, water, rain, snow, leaks from any part of the Premises, pipes, appliances or plumbing works, or any other cause of any nature, except to the extent such injury or damage results from a negligent or willful act or failure to act of the Owner. Any property of Tenant kept for storage at the Premises shall be so kept or stored at the exclusive risk of Tenant.

- c. Insurance –Tenant shall procure and maintain, at its cost, throughout the term of this Agreement, and annually for any extension thereof, commercial general liability insurance, including premises and operations liability, broad form contractual coverage, and fire legal liability for said Premises, and any other appropriate insurance, deemed proper and necessary for its use and occupation of the Premises. Liability limits should be in an amount not less than \$1,000,000.00 per occurrence with an aggregate of not less than \$2,000,000.00. Said insurance company shall be authorized to do business in the Commonwealth of Kentucky, with a Best's Key Rating of no less than Excellent (A or A-) and a financial size category of no less than VIII, and must include the provision that "it is agreed and understood that the Lexington-Fayette Urban County Government, its agents, employees, officers and elected officials, as their interests may appear, are additional insured, under the provisions of this Agreement." Tenant shall furnish to the Owner's Division of Risk Management a certificate of insurance and make available for inspection a copy of the policy.

- d. Other requirements –Tenant shall require that all contractors/vendors used by Tenant for fit-up improvements and betterments of the space during occupancy shall be pre-approved by Owner's Division of Building Maintenance and Construction. Furthermore, Tenant shall

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comply with Owner's risk management provisions and shall provide Owner with copies of certificates of insurance and/or any contracts entered into relating to the above, prior to commencement of work.

15. TERMINATION. Either party may terminate the lease at any time, without penalty, upon one hundred eighty (180) days prior written notice to the other party (except as defined in Section 31.2 of this Lease). Owner may perform ongoing evaluations to determine whether the Premises are being used by Tenant as stipulated in this Agreement. If Tenant does not utilize the Premises in accordance with the use specified in Paragraph 2 of this Agreement, Tenant upon written notice from Owner shall immediately vacate the Premises and this Agreement will be terminated and of no further force and effort.
16. SIGNAGE. Tenant will be allowed to place, at its sole expense, its name or sign on its Premises in the building, provided such signage complies with the applicable guidelines as set forth by Owner and applicable local sign ordinances. All signs installed by Tenant must be removed by Tenant, at its own expense, no later than the expiration or termination of this Lease, and the premises must be restored to their original condition.
17. AGREEMENT IS NOT ASSIGNABLE. This Agreement is not assignable and Tenant may not sublease or grant any other individual, agency or organization use or occupancy of Tenant's Premises.
18. PROPERTY ON PREMISES IS RESPONSIBILITY OF TENANT. All personal property kept upon the Premises shall be at the sole risk and responsibility of Tenant. This shall include property of contractors/ vendors engaged by Tenant to perform fit-up or conduct other maintenance or improvement activities throughout the term of this Agreement.
19. DESTRUCTION OF PREMISES. If the Premises should be destroyed or damaged by fire or other casualty covered by the Owner's policy of fire and extended coverage insurance, Owner may, at its sole option and expense, elect to make repairs or restore the building and Premises or to cancel this Agreement instead of making the necessary repairs. If the Premises are damaged to such extent that repairs or restoration cannot be effected within one hundred twenty (120) days, either party shall have the right to cancel this Agreement by giving the other party such notice in writing within thirty (30) days from the date such damage occurred. In the event of partial destruction or damage whereby Tenant shall be deprived of the use or occupancy of only a portion of the Premises, then minimum rent shall be equitably apportioned according to the area of the Premises which is usable by Tenant until such time as the Premises are repaired or restored. Owner is not obligated to commence repair or reconstruct the Premises until after it receives the proceeds of insurance in connection with such partial loss. Should the destruction or damage be of such extent that the

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Premises are entirely unrentable and then the Agreement shall automatically terminate.

20. HAZARDOUS MATERIALS. Tenant will not discharge, release, dispose of, store, or deposit on the Premises any waste, including any pollutants or hazardous materials ("Hazardous Materials"), in violation of any federal, state or local law or regulation. Any Hazardous Materials generated by Tenant will be removed from the Premises at Tenant's expense in the manner required by law and disposed of in compliance with federal, state and local laws and regulations. If at any time Tenant fails to comply with the terms of this section, Owner may remedy such default and Tenant must fully reimburse Owner for any cost or expense it incurs within ten (10) days of written notification from Owner.
21. QUIET ENJOYMENT. Owner hereby covenants and agrees that if Tenant performs all the covenants and agreements herein stipulated to be performed on Tenant's part, Tenant shall at all times during the Lease term and any extensions or renewals thereof have the peaceable and quiet enjoyment and possession of the Premises without any manner of, or hindrance from, Owner or any person or persons lawfully claiming the Premises.
22. VACATION OF PREMISES. Tenant shall deliver up and surrender to Owner possession of the Premises upon the expiration or termination of the Agreement in as good a condition and repair as the Premises were at the commencement of the Agreement (the elements, ordinary wear and deterioration accepted).
23. DEFAULT AND REMEDIES
 - a. If Tenant shall abandon the Premises, or fail to pay any installment of rent or additional rent when due or fail to pay any costs or expenses provided for in this Agreement when said payments are due, or fail to perform any of its other obligations under the terms, conditions, and covenants of the Agreement, then Tenant shall be in default and breach of the Agreement.
 - b. In the event of a default and the continuance of such default ten (10) days after written notice thereof is given by Owner to Tenant, in addition to Owner's rights and remedies allowed by law, Owner may, without further notice to or demand upon Tenant, apply the security deposit or re-enter the Premises and cure any default of Tenant. Tenant shall reimburse Owner in curing such default, and Owner shall not be liable to Tenant for any loss or damage which Tenant may sustain by reason or Owner's actions. Further, in addition to any other rights and remedies allowed by law, Owner may terminate the Agreement as of the date of such default and Tenant shall immediately thereafter surrender the Premises to Owner. If Tenant shall not immediately surrender the Premises, Owner may reenter the Premises and dispossess Tenant or any other occupants of the Premises and

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remove their effects, without prejudice to any other remedy which Owner may have for possession or arrearages in rent.

- c. The failure or delay by either party to insist upon the strict performance by the other or any of the terms, conditions, or covenants of this Lease or to exercise any right or remedy consequent upon a breach thereof, shall not be construed to be a waiver or affect the right of either party to thereafter enforce each and every such provision of right. The waiver of any default and breach of this Lease shall not be held to be a waiver of any other default and breach. The receipt of rent by Owner after said rent is due and payable shall not be construed as a waiver of such default, and the receipt by Owner of less than the full amount of rent due shall be a payment without prejudice to its right to recover the balance of the rent or to pursue any other remedies provided in the Lease.

24. MEMORANDUM OF LEASE. This Agreement, or a memorandum describing the Premises herein demised, stating the term of the Agreement, and referring to this document, may be recorded by either party.

25. NOTICES. Any notice or consent required to be given by or on behalf of either party upon the other shall be in writing and shall be given by hand delivery or U.S. Mail. If mailed, such notice shall be via certified mail, return receipt requested.

Notice shall be sent to the Owner at the following:

Lexington-Fayette Urban County Government
Attn: Commissioner of General Services
200 East Main Street
Lexington, KY 40507

Notice shall be sent to the Tenant at the following:

University of Kentucky
Attn: Director Strategic Healthcare Contracting
Charles T. Wethington Bldg
900 South Limestone, 309 G
Lexington, KY 40536-0200

26. WAIVER. No waiver of any condition of legal right shall be implied by the failure of either party to declare forfeiture, or for any other reason, and no waiver of condition or covenant shall be valid unless it be in writing signed by party so waiving. The waiver of a breach by either party of any condition shall not excuse, or be claimed to excuse, a future breach of the same condition or covenant or any other condition or covenant.

27. EMINENT DOMAIN. In the event that the Premises or any part thereof shall be at any time after the execution of the Agreement are taken for public or quasi-

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public use, or condemned under eminent domain, Tenant shall not be entitled to claim or have paid to it any compensation or damages whatsoever for or on account of any loss, injury, damage or taking of any right, interest or estate of Tenant, and Tenant hereby relinquishes to Owner any rights to any such damages. Should all of the Premises be taken by eminent domain, then this Agreement shall be deemed terminated, and Tenant shall be entitled to no damages or any consideration by reason of such taking.

28. INTERPRETATION. If any clause, sentence, paragraph or part of the Agreement shall for any reason be adjudged by a court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Agreement, but be confined in its operation to the clause, sentence, paragraph or part thereof directly involved in the controversy in which such judgment shall have been rendered, and in all other aspects this Agreement shall continue in full force and effect. The Agreement, having been negotiated in good faith between the parties with advice of their respective counsel, shall not be construed against one party or the other.
29. INTERPRETATION AS PARTNERSHIP PROHIBITED. It is understood and agreed that nothing herein contained shall be construed in any way to constitute a partnership between the parties.
30. NON-DISCRIMINATION. Tenant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, national origin or handicap and will state in all solicitations or advertisements for employees placed on behalf of Tenant that all qualified applicants will receive equal consideration for employment without regard to race, color, religion, sex, age, national origin or handicap.
31. SOCIAL SECURITY ACT
- 31.1. REASONABLE RENTAL CHARGES, ETC. Owner and Tenant acknowledge that the Premises do not exceed the space which is reasonable and necessary for Tenant's use as a Medical Facility. All of the sums paid pursuant to this Lease are paid as rentals only, are set in advance, are consistent with fair market value (without regard to proximity to referral sources), do not exceed those rentals that are reasonable as determined in arms-length commercial transactions, are not determined in a manner that takes into account in any way any volume or value of referrals or business generated between the parties, are intended to fall within the anti-kickback safe harbor and "Stark Law" exception, and are to be construed and applied in accordance with this paramount intent.
- 31.2 CORRECTIVE ACTION: TERMINATION. If either Owner or Tenant determines upon reasonable advice of counsel that the continuation of the Lease may lead to an enforcement action of any sort against Owner or Tenant under 42

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U.S.C. 1320a7b(b) (anti-kickback law), 42 U.S.C. 1395nn ("Stark law"), 29 U.S.C. §4958 ("intermediate sanctions") or other applicable federal or state law or regulation regarding fraud and abuse, referral prohibitions, fee splitting, tax-exempt status, or any similar matter, either party may at any time give the other party written notice of the advice and if, after conferring with the other party, such party has not determined to its reasonable satisfaction that no enforcement action is to be taken and the parties have not amended this Lease to remove that risk to such party's reasonable satisfaction, then such party may terminate this Lease effective as of the date thirty (30) days after its initial written notice to the other party.

31.3 ACCESS TO RECORDS. In accordance with the Social Security Act §1861(v)(1)(I)[42 D.S.C. §1395(x)(v)(1)(I)], 42 C.F.R. §§420.300 – 420.304, and Kentucky Medical Assistance Program (KMAP) rules, policies and guidelines, in the event that the rent equals or exceeds ten thousand dollars or more over a twelve (12) month period, then Owner and Tenant agree that until the expiration of four (4) years after the termination of this Lease to make available to the Comptroller General of the United States, the Secretary of the U.S. Department of Health and Human Services (HHS), the Kentucky Cabinet for Health Services (CHS), and their duly authorized representatives, all books, documents and records of Owner and Tenant and of any organization related to Owner and Tenant which are necessary to certify the nature and extent of the Rent. In addition, Owner and Tenant agree that if services relating to this Lease are carried out through a subcontract worth ten thousand dollars (\$10,000) or more over a twelve (12) month period, the subcontract will also contain an access clause to permit access by the Comptroller General, the Secretary of HHS, CHS and their duly authorized representatives to the books, documents and records of the subcontractor or any organization related to the subcontractor as necessary to certify the nature and extent of such costs. This access is conditioned upon the applicability of Social Security Act §1861(v)(1)(I), 42 C.F.R. §§420.300 – 420.304, and KMAP policies and guidelines to this Lease.

31.4 TERMINATION OR MODIFICATION DUE TO STATUTORY OR ADMINISTRATIVE PROVISIONS. The parties recognize that this Lease is subject to applicable local, state and federal law, including but not limited to, the Social Security Act; the rules, regulations and policies of the Department of Health and Human Services; and all public health and safety provisions of state law and regulation. The parties also recognize that this Lease will be subject to all amendments to these laws and regulations and to any new legislation or court decision. Any provision of law or any court decision that invalidates, or otherwise is inconsistent with, the terms of this Lease or that would cause one or both of the parties to be in violation of the law will be deemed to have superseded the terms of this Lease, provided, however, that the parties will exercise their best efforts to accommodate the terms and intent of this Lease to the greatest extent possible with the requirements of law.

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32. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties with respect to Tenant's occupancy, use, and lease of the Premises, and there are no other promises or conditions in any other agreement either oral or written. The Agreement may be amended only in writing and only if such writing is signed by both parties. The parties acknowledge that any amendment to the Agreement must be approved by the Lexington-Fayette Urban County Council.
32. HOLDOVER. Should the Tenant hold over after termination of the Lease without a properly signed extension agreement, the Lease will become month-to-month subject to termination upon thirty (30) days written notice by either party. Monthly rent shall be one hundred fifty percent (150%) of the fair market value.
33. ATTORNEYS FEES. Should either party expend attorney's fees, and cost to enforce any provision of this Agreement, the prevailing party shall recover its attorney's fees and costs from the other party.
34. APPLICABLE LAW AND VENUE. This Agreement shall be governed by the laws of the Commonwealth of Kentucky and any action will be brought in a court of competent jurisdiction situated in Fayette County, Kentucky.
35. NO THIRD PARTY BENEFICIARIES. Nothing contained herein shall create any relationship, contractual or otherwise or any rights in favor of any third party.
36. SUCCESSORS AND ASSIGNS. This Agreement shall be binding on both parties and their successors and assigns.

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IN WITNESS WHEREOF, the parties hereto have set their hands the date first above written.

The foregoing terms and conditions are accepted by the Owner this ____ day of _____, 20____.

OWNER:

LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT

BY: _____
Jim Gray, Mayor

The foregoing terms and conditions are accepted by the Tenant this 16th day of may, 2017.

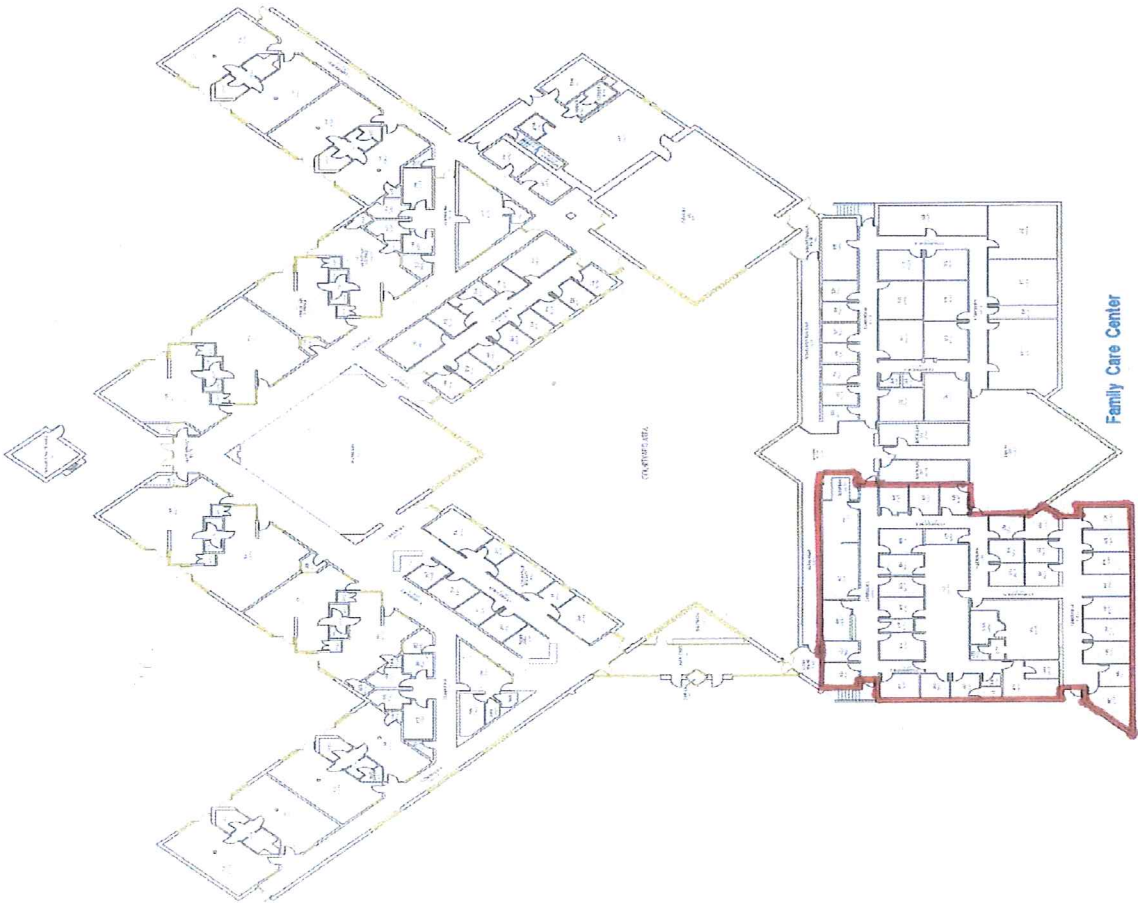
TENANT:

BY: Carrie Cass

Its: Executive Director

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Tenant CAC

EXHIBIT A



Tenant: Kentucky Medical Services Foundation, Inc. f/b/o University of Kentucky
Premises: Family Care Center
Address: 1135 Harry Sykes Way
RSF: Approximately 7,120 square feet
Initial lease term: One (1) year with three (3) automatic one year extensions

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EXHIBIT B RENT SCHEDULE

FY	Rental Rate	Annual Rent	Adjusted Annual	Adjusted Payment
	per s.f.		Rent	<input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly
2018	\$17.50	\$124,600.00	\$124,600.00	\$10,383.00
2019	\$17.85	\$127,092.00	\$127,092.00	\$10,591.00
2020	\$18.21	\$129,655.00	\$129,655.00	\$10,805.00
2021	\$18.57	\$132,218.00	\$132,218.00	\$11,018.00

- B.1 Rent. Tenant shall pay to Owner as rent for the Premises the annual sums specified in Exhibit B (Adjusted Annual Rent column). If the lease term commences on a day other than the first day of a calendar month or expires on a day other than the last day of a calendar month, the base rent installment for such first or last month shall be prorated.
- B.2 Annual Rental Adjustment (if applicable). If in any calendar year or partial calendar year during the term hereof (or renewal periods, if any), the Operating Expenses of the Building as hereinafter defined shall exceed \$4.75 per Rentable Square Foot of an area therein, then Tenant shall pay as additional rental for that year or partial calendar year Tenant's Proportionate Share of the excess Operating Expenses exceeding \$4.75 per Rentable Square Foot. Tenant's Proportionate Share of operating expenses is the percentage determined by dividing the rentable area in Tenant's Premises by the total rentable area in the building.
- B.2-1. For the purposes of this Agreement, Operating Expenses shall mean any and all costs paid or incurred in the discretion of the Landlord, in connection with the operation, service, maintenance, repair of the Building (including fire and extended insurance costs) determined in accordance with generally accepted accounting principles (on an accrual basis) consistently applied.
- B.2-2. Notwithstanding the Landlord's discretion as to Operating Expenses, no expense incurred for the following shall be included in Operating Expenses:
- (1) Cost incurred by Owner for Tenant's alterations;
 - (2) Depreciation of the building;

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- (3) Costs of capital improvements which do not improve the building's operating efficiency, reduce utility expenses, or which may not be required by governmental authorities;
- (4) Payments of principal on any mortgage or debt service;
- (5) Utility cost separately metered for each tenant's premises.

B.2-3. Tenant shall pay all charges for all separately metered utility services used by it in the Premises and supplied by Owner, a public utility or public authority or any other person, firm or corporation; provided, however, that the Tenant shall not be charged more by Owner than the rates it would be charged for the same service if furnished by a public utility company or governmental unit.

B.3 Payment of Annual Rental Adjustment (if applicable). Tenant's Annual Rental Adjustment shall be estimated annually by Owner and written notice of the estimated amount given to Tenant prior to the beginning of each fiscal year commencing on July 1. Tenant shall pay one-twelfth (1/12) of the estimated amount each month, as additional rent, along with the monthly installment of base rent. Within ninety (90) days after the end of each such calendar year, Owner shall prepare and deliver to Tenant a statement showing in reasonable detail the actual amount of Operating Expenses for the preceding fiscal year and the actual amount of Tenant's Annual Rental Adjustment. Within thirty (30) days after receipt of the aforementioned statement, Tenant shall pay to Owner, or Owner shall credit to Tenant, the difference between the actual amount of Tenant's Annual Rental Adjustment for the preceding fiscal year and the estimated amount paid by Tenant during such year provided however, that notwithstanding anything to the contrary herein contained, Tenant shall not be entitled to a credit for any amount of annual base rent paid.

B.4 Service Charge. If any installment of base rent or additional rent provided for in this Agreement is not paid within ten (10) days after its due date, it shall be subject to a service charge of five percent (5%) of the unpaid rent due for each month or fraction thereof or such lesser amount as may be the maximum amount permitted by the law, until paid.

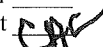

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Exhibit C
RULES AND REGULATIONS

1. No advertisement, sign, lettering, notice or device shall be placed in or upon the Premises, its windows or doors, or upon the Building except such as may be approved in writing by Owner.
2. Owner shall maintain a Building directory with the name of Tenant, its organizational divisions and the name of any other business entities lawfully occupying the Premises or any part thereof.
3. No additional locks other than building standard shall be placed upon any doors of the Premises without Owner's consent and Tenant agrees not to have any duplicate keys made without the consent of Owner. If more than two keys for any door lock are desired such additional keys shall be acquired from Owner and shall be paid for by Tenant. Upon termination of this Lease Tenant shall surrender all keys to Owner. Tenant shall not replace the locks on any doors. Should Owner consent to the replacement of such lock Owner shall replace the lock at Tenant's sole expense.
4. No furniture, freight, supplies not carried by hand, or equipment of any kind shall be brought into or removed from the building without the consent of Owner. Owner shall have the right to limit the weight and size to designate the position of all safes and other heavy property brought into the building. The furniture, freight, supplies, equipment, safes and such other heavy property shall be moved in or out of the Building only at the times and in the manner permitted by Owner. Owner will not be responsible for loss of or damage to any such items and all damage done to the Premises or to the Building by moving or maintaining such items shall be repaired at the expense of Tenant. Any merchandise not capable of being carried by hand shall utilize hand trucks equipped with rubber tires and rubber side guards.
5. Tenant, its invitees or guests, shall not disturb other occupants of the Building by making any undue or unseemly noise, or otherwise. Tenant shall not, without Owner's written consent, install or operate in or upon the Premises any machine or machinery causing noise or vibration perceptible outside the Premises, electric heater, stove, device for the preparation of food, or machinery of any kind or carry on any mechanical business thereon, or keep or use thereon oils, burning fluids, camphene, kerosene, naphtha, gasoline, or other combustible materials. Notwithstanding the foregoing, Tenant may operate within the Premises a device for the brewing of coffee to be consumed on the Premises. No explosives shall be brought into the Building.
6. Tenant shall not mark or drive nails or screws into the woodwork or plaster, or paint, or in any way deface the Premises, the Building, or any parts thereof or

Initials
Owner _____
Tenant 

fixtures therein. The expense of remedying any breakage or stoppage resulting from a violation of this rule shall be paid by Tenant.

7. Canvassing, soliciting and peddling in the Buildings are prohibited and each Tenant shall cooperate to prevent such activity, however, Owner, in its discretion, may allow beverage and snack vending in the Building.
8. Tenant may request the assistance of Owner's employees only upon approval of the Owner's manager. Owner's employees are not required to perform any work or do anything outside of their regular duties, except on issuance of special instructions from the Owner's manager. If Owner's employees are made available to assist Tenant, Owner shall be paid for their services by Tenant at reasonable hourly rates.
9. Owner reserves the right to close and keep locked all entrance and exit doors the Building on Sundays and legal holidays and between the hours of 6:00p.m. on any day and 8:00 a.m. of the following day during such further hours and Owner may deem advisable for access control of the Building. Notwithstanding the foregoing, Tenant shall have access to the Building at all hours.
10. Owner may utilize an outside agency to control access to the Building when it is locked. Owner does not assume any responsibility for, and shall not be liable for, and damage resulting from any error in regard to any identification of Tenant or its employees and from admission to, or exclusion from, the Building by such outside agency.
11. The heating and air conditioning systems shall be operated at such times as the Building Owner shall designate from time to time. Tenant shall not utilize any equipment requiring extraordinary services without the prior written consent of Owner.
12. Tenant shall exercise care and caution to insure all water faucets or water apparatus, electricity and gas are carefully and entirely shut off before Tenant or its employees leave the Premises so as to prevent waste or damage. Tenant shall be responsible for any damage to the Premises or the Building and for all damage or injuries sustained by other tenants or occupants of the Building arising from Tenant's failure to observe this rule.
13. Owner reserves the right to exclude or remove from the Building any person who, in the judgment of Owner, is under the influence of liquor or drugs, or who is in the judgment of Owner disturbing other Tenants or occupants of the Building arising from Tenant's failure to observe this rule.
14. Toilet facilities shall be provided for men and women by Owner. Plumbing fixtures and appliances shall be used for the purpose for which they were designed and no rubbish, rags or other unsuitable material shall be thrown or

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placed therein. Repairs resulting from such damage to any such fixtures or appliances from misuse by a Tenant shall be paid by Tenant and Owner shall not in any case be responsible therefore.

15. Owner will replace tubes and lamps for lighting fixtures at Tenant's expense if requested by Tenant to do so.
16. Owner reserves the right to rescind any of these rules and regulations and to make such other and further reasonable rules and regulations as in its judgment may from time to time be needed or desirable for the care and cleanliness of the Premises and the Building. Such rules and regulations when made and upon written notice to Tenant, shall be binding upon Owner and Tenant in like manner as if originally set forth herein.
17. Tenant agrees that Owner shall not be responsible for lost or stolen personal property, money or jewelry from the Premises or Building regardless of whether such loss occurs when the area is locked against entry or not.

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Initials
Owner *[Signature]*
Tenant *[Signature]*