INDUSTRIAL DEVELOPMENT AUTHORITY REGULAR MEETING AGENDA

4TH FLOOR CONFERENCE ROOM

March 14, 2023

10:30 AM

A. CALL TO ORDER

B. ROLL CALL

C. MINUTES

1. Approval of IDA Minutes for the Meeting of January 10, 2023
   Council Letter Number CL - 394.

D. FINANCE REPORT

E. ITEMS FOR DISCUSSION BY STAFF

F. RESOLUTIONS

1. Lease agreement between the Industrial Development Authority and Earnhart Plumbing LLC at 816 Monument Street, Danville Virginia 24541

2. Lease Renewal between The Launch Place and The Industrial Development Authority.

G. CLOSED MEETING

H. CONSIDER AND TAKE ACTION UPON ANY AND ALL BUSINESS THAT MAY

BE LAWFULLY ENACTED

I. ADJOURN

INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA
MINUTES OF MEETING
FEBRUARY 14, 2023

PURSUANT TO A WRITTEN NOTICE, A COPY OF WHICH IS ATTACHED HERETO, A MEETING OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA, WAS HELD IN THE FOURTH FLOOR CONFERENCE ROOM OF THE MUNICIPAL BUILDING ON TUESDAY, FEBRUARY 14, 2023, AT 10:30 A.M.

THE FOLLOWING MEMBERS WERE PRESENT AND ABSENT:

PRESENT:	T. NEAL MORRIS, CHAIRMAN RUSSELL REYNOLDS, VICE CHAIRMAN JOHN LARAMORE, SECRETARY/TREASURER KRISTEN BARKER PHILIP HALL ROBERT WOODALL
ABSENT	DAVE CUMBO
ALSO PRESENT:	W. CLARKE WHITFIELD, JR. CITY ATTORNEY KIMBERLY L. GIBSON, LEGAL ASSISTANT KEN LARKING, CITY MANAGER MICHAEL ADKINS, FINANCIAL DIRECTOR KELVIN PERRY, ECONOMIC DEVELOPMENT PHILIP HALEY, UTILITIES DEPARTMENT POWER AND LIGHT COUNCILMAN WHITTLE
VISITORS:	STEVEN GOULD, ATTORNEY SOUTHERN VIRGINIA LEGAL, PLLC CHRIS ALBRET, GENERAL MANAGER CAESARS VIRGINIA

T. NEAL MORRIS, CHAIRMAN, CALLED THE MEETING TO ORDER AT 10:30 A.M.

ROLL CALL

COMMUNICATIONS FROM VISTORS

CHRIS ALBRET, THE GENERAL MANAGER SPEAKING FOR CAESARS VIRGINIA ("CAESARS") INFORMED THE IDA BOARD MEMBERS THAT CAESARS VIRGINIA IS MOVING ON THE SITES FOR BOTH THE TEMPORARY FACILITY AND THE PERMANENT FACILITY AND A TREMENDOUS AMOUNT OF PROGRESS HAS BEEN MADE. CONSTRUCTIONS WORKERS SHOW UP CONTINUOUSLY EACH DAY EXCITED TO BE AT A POINT TO SOON OPEN DOORS TO DANVILLE. MR. ALBRET STATED, "AS WE KEEP SAYING CAESARS IS COMING TO DANVILLE, I AM NOW SAYING CAESARS IS HERE!" CAESARS IS REACHING SOME REAL MILESTONES AND WHILE NO SPECIFIC TIMELINE FOR THE OPENING OF THE TEMPORARY FACILITY HAS BEEN SET, CAESARS IS UNDERTAKING A LOT OF MEANINGFUL STEPS AND PLAN TO GET THAT TEMPORARY FACILITY OPEN SOON. ONE OF THE BIG THINGS THAT CAESARS DID RECENTLY WAS TO HOLD A BIG VENDOR EVENT FOR THE OPERATIONS OF THE TEMPORARY FACILITY. CAESARS IS LOOKING AT LOCAL SUPPLIERS AND VENDORS TO HELP WITH THE OPERATIONS AND THAT IS A GOOD SIGNAL THAT THERE WILL SOON BE A NEED FOR PEOPLE TO HELP WITH THE OPERATION OF THE TEMPORARY FACILITY AND THEN ULTIMATELY THE PERMANENT FACILITY. CAESARS HAD A HUGE HIRING EVENT RECENTLY FOR THE DEALERS SCHOOL, A 12 WEEK PROGRAM THAT WILL TAKE PLACE INSIDE OF THE TEMPORARY FACILITY STARTING ON FEBRUARY 27, 2023, THIS IS A BIG MILESTONE FOR CAESARS. THERE ARE PLANS TO HOLD A FEW MORE HIRING EVENTS TO KICK OFF MORE NEED FOR THOSE DEALERS TO GET THE TEMPORARY FACILITY OPEN. THIS HAS LEAD CAESARS TO THE CONVERSATION TODAY. NOW THAT ALL THIS ACTIVITY IS OCCURRING FROM A CONSTRUCTION STANDPOINT, CAESARS HAS A VERY HEALTHY FOOTPRINT FOR WHAT WILL BE PUT INSIDE THE TEMPORARY FACILITY. WHEN PLANS WERE CHANGED FOR A LARGER TEMPORARY OPERATION, CAESARS REALIZED PRETTY QUICKLY THAT PARKING WOULD BE PINCHED FOR CUSTOMERS, CAESARS TEAM MEMBERS, AND TO HANDLE THE INCREASED AMOUNT OF CONSTRUCTION THAT PEOPLE ARE GOING TO BE SEEING ON THE SITE OVER THE NEXT FEW MONTHS. AS PEOPLE START TO SEE THE HOTEL COMING OUT OF THE GROUND, THEN MOVING ON TO THE CASINO, AND EVERYTHING ELSE THAT COMES ALONG WITH IT, THE OPPORTUNITY TO SPEAK WITH THE CITY ABOUT USING THOSE SPOTS ON WEST MAIN AND THEN ACROSS ON BISHOP IS VERY CRITICAL, TO HAVE CAESARS TEAM, CUSTOMERS ESPECIALLY, AND CONSTRUCTION TO CONTINUE. CAESARS PLANS TO GET IN THERE AND MAKE SURE BOTH ARE GOOD WORKING LOTS, THERE IS NOT A SPECIFIC NUMBER ON SPACES AT THIS TIME, BUT PEOPLE CAN EXPECT IT TO BE WORTHY OF CAESARS CUSTOMERS COMING TO SPEND TIME AT THE TEMPORARY FACILITY. THE LOTS WILL BE PAVED, STRIPED, AND DIRECTIONAL INSTRUCTIONS WILL BE IN PLACE TO LET PEOPLE KNOW HOW TO GET OVER TO THE TEMPORARY CASINO. EXTRA TEMPORARY LIGHTING AND CAMERAS WILL BE INSTALLED TO MAKE SURE IT IS A SAFE AND COMFORTABLE ENVIRONMENT FOR CUSTOMERS AND TEAM MEMBERS TO MAKE IT OVER TO THE TEMPORARY FACILITY. HOPEFULLY IT'S REALLY SOMETHING THAT IS MUTUALLY BENEFICIAL TO ALL TO ALLOW THE PROPERTY TO CAPTURE ALL THE CUSTOMERS WANT WHILE IN THIS TEMPORARY LOCATION AND REALLY SET CAESARS UP FOR SUCCESS WITH THE PERMANENT LOCATION.

IDA BOARD MEMBER MR. HALL THANKED MR. ALBRET FOR HIS COMMENTS AND ASKED WILL THERE BE A NEED FOR A WALK SIGN OR PEDESTRIAN CROSSING? MR. ALBRET ANSWERED THAT CONVERSATIONS HAVE BEEN HAD AND CAESARS WILL MAKE SURE TO WORK WITH THE CITY ON THE PROPER CODING. CAESARS REALIZES IT IS VERY CLOSE TO THE TRAFFIC SIGNAL AT WEST MAIN AND BISHOP AND WILL MAKE SURE TO WORK WITH THE CITY TO HAVE EXACTLY WHAT IS APPROPRIATE IN PLACE. SECURITY PERSONAL FROM CAESARS VIRGINIA SECURITY WILL WORK TO MAKE SURE THAT CUSTOMER FLOW IS SAFE AND SECURE TO CROSS THE STREET, AT LEAST ON A TEMPORARY BASIS.

MR WHITFIELD, THE CITY ATTORNEY SPOKE UP AND SAID HE BELIEVED A 24 MONTH TERM HAD BEEN DISCUSSED. MR. ALBRET RESPONDED YES THAT WOULD BE MORE THAN ENOUGH, THAT PER THE STATUTE THE TEMPORARY FACILITY CAN NOT BE OPEN FOR MORE THAN 2 YEARS, SO THE 24 MONTH TERM WOULD BE MORE THAN ENOUGH.

BOARD MEMBER MR. WOODALL ASKED IF MR. ALBRET IF CAESARS KNEW WHAT THE VOLUME OF PEOPLE WILL BE LIKE AT THE TEMPORARY FACILITY, HOW MANY IT WILL HOLD? MR. ALBRET RESPONDED YES, THE REASON TO LOOK AT THE PARKING SIZE IS BECAUSE THERE WILL BE ABOUT A THOUSAND GAMING POSITIONS AND SO CAESARS WOULD LIKE TO HAVE ABOUT 700 TO 800 SPACES AND THERE ARE ONLY ABOUT 340 SPACES ON THE SITE ITSELF, THAT IS WHY CAESARS IS INTERESTED IN HAVING THOSE TWO PARKING LOTS FOR CUSTOMERS, TEAM MEMBERS, AS WELL AS THE CONSTRUCTION WORKERS.

MR. WOODALL MADE A MOTION TO PASS A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING THE LEASE OF PARCEL ID #'S 60539 AND 51588 TO CAESARS VIRGINIA, LLC.

MOTION MADE BY: MR. WOODALL SECONDED BY: MRS. BARKER

MR. MORRIS	- AYE
MR, REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

MINUTES

COPIES OF THE MINUTES OF THE JANUARY 10, 2023, REGULAR CALLED MEETING WERE DISTRIBUTED TO THE MEMBERS WITH THEIR AGENDA PACKETS. A MOTION WAS MADE BY MR. HALL TO APPROVE THE MINUTES AS PRESENTED. THE MOTION WAS SECONDED BY MR. REYNOLDS AND CARRIED WITH THE MEMBERS PRESENT VOTING AS FOLLOWS:

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

FINANCES

MICHAEL ADKINS, THE DIRECTOR OF FINANCE, PROVIDED THE MEMBERS OF THE IDA BOARD AT THE MEETING WITH A PACKET OF CURRENT FINANCIAL STATEMENTS OF THE IDA. MICHAEL EXPLAINED THE PACKET IN DETAIL TO THE MEMBERS.

A MOTION WAS MADE BY MR. HALL TO APPROVE THE FINANCIAL REPORT. THE MOTION WAS SECONDED BY MRS. BARKER AND CARRIED WITH MEMBERS PRESENT VOTING AS FOLLOWS:

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR, HALL	- AYE
MR. WOODALL	- AYE

UPDATES FROM STAFF

KELVIN PERRY ADVISED THE BOARD MEMBERS THAT LINKS COFFEE SHOP NEEDS A NEW 80 THOUSAND GALLON HOT WATER HEATER AT A COST OF $3,000 SO THEY WOULD BE AWARE OF THE REPLACEMENT.

KELVIN PERRY INFORMED THE BOARD MEMBERS THAT THERE WAS A SALAD AND WRAPS SHOP OPENING DOWNTOWN AT 610 CRAGHEAD STREET.

KELVIN PERRY ADVISED THE BOARD MEMBERS THAT THE RIVER DISTRICT ASSOCIATION WOULD LIKE TO DO WINDOW DECORATION ON SEVERAL OF THE DOWNTOWN BUILDING WINDOW FRONTS OWNED BY THE IDA.

A VERBAL MOTION WAS MADE BY MR. LARAMORE AND SECONDED BY MRS. BARKER TO ALLOW THE RIVER DISTRICT ASSOCIATION TO DECORATE THE FRONT WINDOWS OF 123 AND 125 N UNION STREET AND 200-204 N UNION STREET.

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE

MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

KELVIN PERRY ADVISED THE BOARD THAT LOU'S ANTIQUE BUILDING IS SCHEDULED TO BE DEMOLISHED IN APRIL OR MAY BY D.H. GRIFFIN.

KELVIN PERRY INFORMED THE BOARD THAT THE MAIN SEWER LINE THAT CARRIES WASTEWATER FROM BUITONI FOOD COMPANY ON CANE CREEK BOULEVARD NEEDS TO BE REPLACED. THE EXISTING LINE HAS FAILED SEVERAL TIMES OVER THE PAST YEAR. THE NEW LINE WILL NEED TO BE INSTALLED WHILE THE EXISTING LINE REMAINS IN SERVICE. THERE ARE TWO OPTIONS: THE FIRST IS TO GO INTO THE MIDDLE OF CANE CREEK BOULEVARD, AND THE SECOND OPTION, WHICH UTILITIES WOULD PREFER TO USE, IS TO GET OFF THE RIGHT-OF-WAY ONTO PRIVATE PROPERTY WITH PERMANENT UTILITY EASEMENTS REQUIRED FOR ALL THREE PRIVATE PROPERTIES. THE NEW LINE IS PROPOSED TO ENTER ONTO 120 CANE CREEK BOULEVARD, OWNED BY THE IDA, WHICH MAY REQUIRE THE TREES ALONG THE ROAD TO BE REMOVED; PARCEL 78519 ALSO OWNED BY THE IDA; AND PARCEL 77395 OWNED BY KINGSWAY HOLDINGS LLC. AGAIN, A PERMANENT UTILITY EASEMENT WILL BE REQUIRED FOR ALL THREE PROPERTIES IF UTILITIES MOVES FORWARD WITH THIS OPTION. AT THIS MEETING THIS WAS JUST FOR INFORMATION PURPOSES AND NO ACTION IS REQUIRED.

<u>RESOLUTIONS</u>

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA (IDA) GRANTING A TEMPORARY CONSTRUCTION EASEMENT TO THE CITY OF DANVILLE, UTILITIES DEPARTMENT FOR OVERHEAD UTILITY FACILITIES.

MOTION MADE BY: MR. HALL; SECONDED BY MR. WOODALL

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING A LEASE- AGREEMENT BETWEEN THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA AND GRAHAM H. SMITH (IN HIS PERSONAL AND INDIVIDUAL CAPACITY) AND SITE COLLABORATIVE, INC. FOR THE PROPERTY IDENTIFIED AS 206 N. UNION STREET, SUITE 201.

MOTION MADE BY: MRS. BARKER; SECONDED BY: MR. LARAMORE

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING MATTERN AND CRAIG, INC TO PERFORM ENGINEERING SERVICES TO DEVELOP A SCHEMATIC DESIGN FOR THE PROPOSED POCKET PARK IN AN AMOUNT NOT TO EXCEED $30,000.

DISCUSSION ON THE RESOLUTION: MR. LARKING AND THE IDA BOARD MEMBERS DISCUSSED THE NEED FOR THE PURPOSE AND COST OF THE SCHEMATIC DESIGN FOR THE POCKET PARK. TO WHICH THE RESPONSE WAS TO GET AN IDEA OF THE SCOPE OF WORK AND WHAT THE COST TO BUILD THE POCKET PARK WOULD ACTUALLY BE.

MOTION MADE BY: MR. REYNOLDS; SECONDED BY: MR. WOODALL

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

MR. REYNOLDS MOVED THE MEETING BE RECESSED AND THE BOARD IMMEDIATELY RECONVENED IN EXECUTIVE CLOSED MEETING FOR THE PURPOSES:

1. *DISCUSSION CONCERNING A PROSPECTIVE BUSINESS OR INDUSTRY OR THE EXPANSION OF AN EXISTING BUSINESS OR INDUSTRY WHERE NO PREVIOUS ANNOUNCEMENT HAS BEEN MADE AS PERMITTED BY SUBSECTION (A)(5) OF SECTION 2.2-3711 OF THE CODE OF VIRGINIA, 1950, AS AMENDED*.

2. *DISCUSSION OR CONSIDERATION OF THE ACQUISITION/DISPOSITION OF REAL PROPERTY FOR A PUBLIC PURPOSE WHERE DISCUSSION IN AN OPEN MEETING WOULD ADVERSELY IMPACT THE BARGAINING POSITION OF THE AUTHORITY AS PERMITTED BY SUBSECTION (*A)(3) OF SECTION 2.2-3711 OF *THE CODE OF VIRGINIA, 1950, AS AMENDED.*

MOTION WAS MADE BY: MR. REYNOLDS; SECONDED BY: MR. WOODALL

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

MR. REYNOLDS MOVED THE MEETING IMMEDIATELY RECONVENE INTO AN OPEN MEETING. THE MOTION WAS SECONDED BY MRS. BARKER AND CARRIED WITH THE MEMBERS PRESENT VOTING AS FOLLOWS:

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

UPON RECONVENING, MR. REYNOLDS MOVED THAT THE BOARD ADOPT A RESOLUTION CERTIFYING THAT TO THE BEST OF EACH MEMBER'S KNOWLEDGE THAT:

1. *ONLY PUBLIC BUSINESS MATTERS LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS UNDER SECTION 2.2-3711; AND*

2. *ONLY SUCH PUBLIC BUSINESS MATTERS AS WERE IDENTIFIED IN THE MOTION BY WHICH THE CLOSED MEETING WAS CONVENED WERE HEARD, DISCUSSED, OR CONSIDERED IN THE CLOSED MEETING.*

MOTION WAS MADE BY: MR. REYNOLDS; SECONDED BY: MR. HALL

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINA (IDA) APPROVING AND AUTHORIZING AN AUTHORIZATION OF EARLY ACCESS AGREEMENT BETWEEN THE IDA AND A TO BE NAMED ECONOMIC DEVELOPMENT CLIENT.

MOTION WAS MADE BY: MR. HALL; SECONDED BY: MR. REYNOLDS

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

MR. HALL MADE A VERBAL MOTION TO ADJOURN THE MEETING. THE MOTION SECONDED BY MR. LARAMORE AND CARRIED WITH THE MEMBERS PRESENT VOTING AS FOLLOWS:

MR. MORRIS	- AYE
MR. REYNOLDS	- AYE
MR. LARAMORE	- AYE
MRS. BARKER	- AYE
MR. HALL	- AYE
MR. WOODALL	- AYE

ADJOURN

JOHN LARAMORE
SECRETARY

T. NEAL MORRIS
CHAIRMAN

Council Letter
City of Danville, Virginia

CL - 374 **RESOLUTIONS 1.**

Industrial Development Authority REGULAR MEETING

Meeting Date: March 14, 2023

Subject: Lease Agreement 816 Monument Street Danville Virginia 24541

From: Kelvin Perry, Project Manager

COUNCIL ACTION

Staff Request approval to lease approximately 16,583 square feet of space at 816 Monument Street to Earnhardt Plumbing LLC for a term up to six months for a lease rate of $1.85/ square foot.

Attachments

1. 2023-03-14 RES Lease Agreement between IDA and Charles Earhardt and Earnhard Plumbing LLC - FINAL
2. 2023-03-14 FINAL Attachment Lease between IDA and Charles Earnhardt and Earnhardt Plumbing LLC 816 Monument Street Parcel ID 24160-FINAL

PRESENTED: March 14, 2023

ADOPTED: March 14, 2023

RESOLUTION NO. 2023-____.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING A LEASE-AGREEMENT BETWEEN THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA AND CHARLES EARNHARDT AND EARNHARDT PLUMBING LLC FOR THE PROPERTY IDENTIFIED PARCEL 24160 LOCATED AT 816 MONUMENT STREET DANVILLE, VIRGINA.

NOW THEREFORE, BE IT RESOLVED, by the Industrial Development Authority of Danville, Virginia (IDA), that it hereby approves and authorizes a Lease-Agreement between the Industrial Development Authority of Danville, Virginia and Charles Earnhardt in both is personal and individual capacity and Earnhardt Plumbing, LLC, substantially in the form attached hereto; and

BE IT FURTHER RESOLVED, by the IDA that it hereby approves and authorizes a lease term of SIX (6) months at a lease rate of $2,556.55 per month; and

BE IT FINALLY RESOLVED, by the Industrial Development Authority of Danville, Virginia, that it hereby directs the Chairman, or in his absence any Officer, to execute the new Lease Agreement and any other documents necessary to complete the transaction described in this resolution.

APPROVED:

____
Chairman

ATTEST:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____
City Attorney

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered into and effective as of this _______ day of _______________________, 2023, between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia ("Landlord"), **and Charles Earnhardt (in his personal and individual capacity), AND Earnhardt Plumbing LLC (North Carolina LLC ID # 1227183)** ("Tenants").

WITNESSETH

FOR and in consideration of the mutual promises and covenants of the parties to this Lease, the parties do covenant and agree as follows:

1. Definitions: The following words or phrases shall have the following meanings when used in this Lease, unless otherwise specifically provided:

   "Agreement" shall mean this lease agreement including all terms, conditions, rights, and responsibilities between the above named Landlord and Tenants.

   "Building" shall mean all of the building or other structure located **at 816 Monument Street and bearing tax Parcel ID number 24160.**

   "Commencement date" shall mean _________________1, 2023.

   "Premises" shall mean warehouse building(approximately 16,583 sq. ft.) known as 816 Monument Street STE (parcel #24160).

   "Real Estate Taxes" shall mean all real estate taxes, assessments, or charges upon all or any portion of the Entire Property or any Buildings or improvements thereon or the Premises or improvements thereon.

2. Recitals: The parties to this Lease recite the following facts:

   A. Landlord is the Industrial Development Authority of Danville, Virginia (IDA), a political subdivision of the Commonwealth of Virginia.

   B. Tenants are **Charles Earnhardt and Earnhardt Plumbing LLC,.**

   C. The Landlord desires to lease the Premises to the Tenants and the Tenants desires to lease the Premises from the Landlord for the primary purpose of operating a warehousing storage facility in Tobacco Warehouse District .

3. Lease of Premises:

   Landlord hereby leases to Tenants, and Tenants hereby leases from the Landlord the Premises, described above in Paragraph 1.

4. Term:

A. Initial Term: The initial term of this Lease (Term") shall begin upon the commencement date of this Lease by the parties to the Termination Date.

B. Renewal Lease Term:
If the Lease is still in full force and effect, Tenant, with written approval by Landlord, may renew the lease for as many as two (2) new six month (6) month renewal, provided written notice of the election to renew shall be delivered to Landlord not less than ninety (90) days prior to the expiration of the previous lease term. If said extension is duly exercised by Tenant and approved by Landlord, the Term of this Lease shall be automatically extended for an additional six month period upon all of the same terms, provisions and conditions set forth in this Lease **<u>except</u>** the new amount of rent for each renewed term.

5. Rent:

A. Tenants shall pay as rent to Landlord during the Initial Three thousand Six-Hundred Forty-eight and 66/100 ($2,556.55) per month for the first twelve (6) months of the lease beginning on ______________ , 2023. Rent is payable and due in advance on the first day of each calendar month during the Lease term to Landlord at such place designated by written notice from Landlord or Tenants. The rental payment amount for any partial calendar months included in the Lease term shall be prorated on a daily basis.

B. The rental rate for any Renewal Lease term, if exercised by the Tenants as permitted under this Lease, shall be as follows. Tenants will pay $2,556.55 per month for the first six months of the lease term.

C. A security deposit $2,556.55 equal to the first month's rent is required to be paid prior to the Commencement Date as defined in paragraph 1 above for both the initial term and each subsequent renewal term.

6. Maintenance, Improvement and Repairs:

A. Tenants shall make, at Tenant's expense, all necessary improvements to the Premises including floors, walls, ceilings, plumbing, and lighting. Routine on-going repairs of interior areas not defined as the Premises and the exterior of the building including the roof, walls, foundation, gutters, downspouts, drainage systems, (signage excepted) shall be responsibility of the Landlord.

B. If Repairs relate to an insurable claim, the Party entitled to insurance recovery must pay for the repairs.

C. Tenants are responsible for their own trash disposal, janitorial, and any needed security services.

7. Alterations and Improvements:

A. Tenants, at Tenants, expense, shall have the right following Landlord's written consent to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Premises from time to time as Tenants may deem desirable, provided the same shall not adversely affect the structural integrity of the Building and are made in compliance with all applicable codes and are otherwise performed in a workmanlike manner and utilizing good quality materials.

B. Tenants shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Premises and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenants at the commencement of the Lease term or placed or installed on the Leased Premises by Tenants, thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenants shall have the right to remove the same at any time during the term of this Lease provided that all damage to the Leased Premises caused by such removal shall be repaired by Tenants at Tenants' expense.

8. Use.

Tenants shall use Premises for the operation of a plumbing business to include but not limited to offices, warehousing, and/or showroom. In the event that Tenants no longer uses Premises as a plumbing business this Lease shall end upon thirty (30) days notice by Landlord.

9. Taxes.

A. Personal Property Taxes: Tenants shall be responsible for paying all personal property taxes with respect to Tenants' personal property at the Premises.

B. Real Estate Taxes: Tenants shall be responsible for paying all real estate taxes for the Premises (approximately 16,583 sq. ft.) known as 816 Monument Street (parcel #24160)

10. Insurance.

A. Landlord shall maintain fire and extended coverage insurance on the Building and the Entire Property in such amounts as Landlord shall deem appropriate.

(i) Tenants shall be responsible, at its expense, for fire and extended coverage insurance on all its personal property, including removable trade fixtures, located in the Premises.

B. Tenants and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than $1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenants' policy or policies of comprehensive general liability insurance, and Tenants' compliance with this Paragraph. Tenants shall obtain the agreement of Tenants' insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.

11. Utilities.

Tenants shall pay all charges for water, sewer, gas, electricity, telephone, internet and all other services of and for leased premises.

12. Signs.

Tenants shall have the right to place on the Premises any sign, which is permitted by applicable zoning ordinances and private restrictions. Tenants shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenants.

13. Entry.

Landlord shall have the right to enter upon the Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with business of the Tenants on the Premises. Landlord will attempt to contact Tenants twenty- four (24) hours prior to entry except in the case of an emergency in which case no notice would be required.

14. Damage and Destruction.

If the Premises or any part thereof or any appurtenance thereto is so damaged, not caused by Tenants, by fire, casualty, or structural defects that the same cannot be used for Tenants' purposes, then Tenants shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage, not caused by Tenants, to any part of the Premises, and if such damage does not render the Premises unusable for Tenants' purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, epidemics, swarms of boll weevils, plagues of locusts, inability to obtain necessary permits, materials, or labor or other matters, which are beyond the reasonable control of Landlord. Tenants shall be relieved from paying rent and other charges during any portion of the Lease term that the Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Tenants' purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenants. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence, which is beyond Tenants' reasonable control, and which renders the Premises, or any appurtenance thereto, inoperable, or unfit for occupancy or use, in whole or in part, for Tenants' purposes.

15. Default.

If default shall at any time be made by Tenants in the payment of rent when due to Landlord as herein provided, and if said default shall continue for five (5) days after written notice thereof shall have been given to Tenants by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenants, and such default shall continue for ten (10) days after notice thereof in writing to Tenants by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenants written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenants default, either in law or equity.

16. Quiet Possession.

Landlord covenants and warrants that upon performance by Tenants of its obligations hereunder, Landlord will keep and maintain Tenants in exclusive, quiet, peaceable, undisturbed, and uninterrupted possession of the Leased Premises during the term of this Lease.

17. Condemnation.

If any legally, constituted authority condemns the building or such part thereof which shall make the Premises unsuitable for leasing, this Lease shall cease when the public authority issues the condemnation order, and Landlord and Tenants shall account for rent as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

18. Subordination.

Tenants accept this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenants agree that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust, or other lien now existing or hereafter placed upon the Leased Premises of the

Building and Tenants agree upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request Tenants agree that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenants alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

19. Notice.

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord:
Industrial Development Authority of Danville, Virginia
C/O City Attorney's Office
P.O. Box 3300
Danville, VA 24543

With a copy to:
City Attorney's Office
P.O. Box 3300
Danville, VA 24541

If to Tenants:
Charles Earnhardt
6324 Kenawa Lane
Raleigh, NC 27614

20. Brokers.

Tenants represent that Tenants were not shown the Premises by any real estate broker or agent and that Tenants have not otherwise engaged in any activity, which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

21. Waiver.

No waiver of any default of Landlord or Tenants hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenants shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

22. Headings.

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

23. Successors.

The provisions of this Lease shall extend to and be binding upon Landlord and Tenants and their respective legal representatives, successors and assigns.

24. Consent.

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

25. Performance.

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Tenants to Landlord specifying the default, Tenants may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost thereof from the next accruing installment or installments of rent payable hereunder until Tenants shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the Landlord of five percent (5%) per annum. If this Lease terminates prior to Tenants' receiving full reimbursement, Landlord shall pay the unreimbursed balance plus accrued interest to Tenants on demand.

26. Compliance with Law.

Tenants shall comply with all laws, orders, ordinances, and other public requirements now or hereafter pertaining to Tenants' use of the Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

27. Applicable Law and Entire Agreement.

A. This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

B. This Agreement and the performance thereof shall be governed by and enforced under the laws of the Commonwealth of Virginia, and if legal action by either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefore shall lie in the City of Danville, Virginia.

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

Landlord:

Industrial Development Authority
of Danville, Virginia

By: ______________________________________
Name: T. Neal Morris
Its: Chairman

Tenant:
Name: Charles Earnhardt

By: ______________________________________
Name: Charles Earnhardt

Tenant:
Earnhardt Plumbing LLC,
(NC LLC ID # S1227183)

By ______________________________________
Name: Charles Earnhardt
Title: President

Council Letter
City of Danville, Virginia

CL - 375 **RESOLUTIONS 2.**

Industrial Development Authority REGULAR MEETING

Meeting Date: March 14, 2023

Subject: Lease renewal for The Launch Place at 527 Bridge Street.

From: Kelvin Perry, Project Manager

COUNCIL ACTION

Staff request approval to renew the lease agreement between the Industrial Development Authority and The Launch Place for a second term of sixty months as per the terms stated in the original lease dated December 21, 2012.

Attachments

1. 2023-03-14 RES Second Lease Renewal with Launch Place (3)
2. 2012-12-21 Attachment Original Executed Lease - Launch Place

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PRESENTED: March 14, 2023

ADOPTED: March 14, 2023

RESOLUTION NO. 2023-____.____

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE, VIRGINIA APPROVING AND AUTHORIZING A SECOND LEASE RENEWAL WITH THE LAUNCH PLACE AS ALLOWED BY THE ORIGINAL LEASE AGREEMENT EXECUTED ON DECEMBER 21, 2012.

NOW THEREFORE, BE IT RESOLVED by the Industrial Development Authority of Danville, Virginia, that it hereby approves and authorizes a Second Lease Renewal between the Industrial Development Authority of Danville, Virginia and The Launch Place, for 527 Bridge Street, commonly known as Old Belt One, as allowed by the original lease agreement executed on December 21, 2012; and

BE IT FURTHER RESOLVED by the Industrial Development Authority of Danville, Virginia, that it hereby directs the Chairman, or in his absence any officer, to execute any other documents necessary to complete the transaction described in this resolution.

APPROVED:

____
Chairman

ATTEST:

____
Secretary

Approved as to
Form and Legal Sufficiency:

____
City Attorney

LEASE

THIS LEASE ("Lease") is entered into and effective as of the 21st day of December, 2012 between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF DANVILLE**, a political subdivision of the Commonwealth of Virginia ("Landlord"), and **Southside Business Technology Center, aka The Launch Place**, a corporation existing under the laws of the Commonwealth of Virginia ("Tenant").

RECITALS:

This Lease is made with reference to the following facts:

A. Landlord owns a certain building identified as "Old Belt Tobacco Storage No. 1" (the "Building" located in the City of Danville, Virginia, more particularly described on Exhibit A and located on that certain real property owned by Landlord and more particularly described in Exhibit A hereto (the "Land").

B. Landlord has made specific improvements to the second floor using its own funds, to prepare office space for the Tenant. (The "Landlord Improvements"). All improvements on the second floor space for this Tenant will be collectively referred to as "Improvements." The land and the building are referred to collectively to as the "Property"and the improvements are referred to as the "Premises."

NOW THEREFORE, in consideration for the promises contained herein and other good and valuable consideration the receipt of which is hereby acknowledged the parties agreed as follows:

1.1 Agreement to Lease. Landlord shall lease to Tenant, and Tenant shall rent, hire, and take of and from Landlord, for the Term and upon the terms, covenants, and conditions set forth in this Lease, the premises.

1.2 Commencement Date. The "Commencement Date" shall be the date Landlord delivers possession of the Premises to Tenant in a condition ready for move in and operation.

1.3 Delivery Date. On the Commencement Date, the Landlord shall deliver possession of the premises to Tenant in vacant, broom clean, structurally sound condition, fully serviced with all utility infrastructures, in compliance with all laws, with no defects or conditions that would restrict or impair the Tenant's ability to perform their operation or occupy the

Premises. Tenant's acceptance of the Premises shall not be deemed a waiver of Tenant's right to have defects in the Premises repaired at no cost to Tenant at the time of delivery. Tenant shall give notice to Landlord of any such defect reasonably apparent and Landlord shall repair such defect as soon as practicable.

1.4 Term. The initial term of this Lease shall begin as of the Commencement Date and shall end sixty (60) months after the Commencement Date. If the Lease is still in full force and effect, Tenant, with written approval by Landlord, shall have the right to renew the lease for as many as two (2) new sixty (60) month renewal terms, provided written notice of the election to renew shall be delivered to Landlord not less than six (6) months prior to the expiration of the previous lease term. If said extension is duly exercised by Tenant and approved by Landlord, the Term of this Lease shall be automatically extended for an additional (60) sixty month period upon all of the same terms, provisions and conditions set forth in this Lease except that parties shall negotiate in good faith to establish the new amount of rent for each renewed term. The initial term and any renewal terms shall be referred to collectively as the "Term" for the purposes of this Lease.

1.5 Deposit. A deposit equal to the first month's rent is required to be paid prior to the Commencement Date as defined in 1.2 above for both the initial term and each subsequent renewal term.

ARTICLE 2 – RENT AND SPACE

2.1 Determination of Fixed Rent and Space Leased. The Tenant will lease approximately three thousand square feet (3,000 square feet) of space on the second floor of Old Belt One Building. The"Base Rent" for the space is three thousand dollars ($3,000) per month or thirty-six thousand dollars ($36,000) per year. The Total rent shall be the Base Rent plus the payment of "Additional Rent (taxes, utilities, insurance and maintenance). At the option of the IDA, rent payments shall be transferred electronically to the account of the IDA no later than the applicable due date.

2.2 Payment of Base Rent. Tenant shall pay Base Rent, in advance, on the first day of each calendar month beginning on the date which is the Rent Commencement Date. Landlord shall deliver to Tenant an invoice on or before the first day of each month setting forth any other charges owed under the Lease. Base Rent shall be paid in lawful money of the United States to the Landlord at IDA, City of Danville, P.O. Box 3300, Danville, Virginia 24543 or at the option of the IDA, rent payments shall be transferred electronically to the account of the IDA. No Base Rent shall be due until Commencement Date defined above in paragraph 1.2.

2.3 Lease Year. As used in this Lease, "Lease Year" means the period beginning on the Commencement Date and ending on the date twelve (12) months following the Commencement Date, and each consecutive twelve (12) month period thereafter during the Term.

ARTICLE 3 – USE

3.1 Permitted Use. Tenant may use the Premises for office, file storage, and light clerical purposes. Landlord hereby represents that such uses are permitted in the Premises under applicable law.

3.2 Compliance with Laws. Tenant is required to follow all zoning and building occupation codes as outlined by the City of Danville. In addition, Tenant shall obtain all business licenses, permits, and other approvals required for Tenant's operations and not specifically related to the physical structure of the Premises or the Property. Tenant shall throughout the term of this Lease promptly comply with all Applicable Laws with respect to the condition, use, or occupancy of the Premises, the Buildings, and all other Improvements.

3.3 Prohibition against Nuisance. Tenant shall not cause, maintain, or permit its agents, employees or contractors to do anything in or about the Premises which would constitute a nuisance.

ARTICLE 4 – HAZARDOUS MATERIALS

4.1 Acts of Tenant. Tenant may not use, keep and store Hazardous Materials on the Premises. Should any governmental authority having jurisdiction over the Premises require that a clean up or remediation plan be prepared or that a clean up or any other remediation action be undertaken because of the presence of, or any spills or discharges of Hazardous Materials at the Premises by Tenant, or its employees, agents, or invitees, then Tenant, at Tenant's own expense, shall prepare and submit the required plans and financial assurances, and carry out the approved plans.

4.2 Landlord's Representations. Landlord represents to Tenant that (a) no Hazardous Material is present on the Premises or the soil, surface water or groundwater thereof, including in the roofing or roof patching materials, (b) no underground storage tanks are present on the Premises, and (c) no action, proceeding or claim is pending or threatened regarding the Premises concerning any Hazardous Material or pursuant to any Environmental Law.

4.3 Indemnification/Tenant. Tenant shall indemnify, defend and hold the Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses which arise during or after the Term as a result of any Hazardous Materials used or stored in the Premises by Tenant, its agents, employees or invitees in violation of this lease and Environmental Laws. This indemnification of Landlord by Tenant includes, without limitation, costs, incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any federal, state, or local governmental agency or political subdivision because of any Hazardous Material present in the soil or ground water on or under the Land, or the Premises in violation of Environmental Laws due to the release or discharge thereof by Tenant or its employees, agents or invitees, and all costs incurred to comply with Tenant's obligations under the provisions of this Article 4.

4.5 **Trash and Refuse.** Tenant shall keep any and all trash, garbage, waste or other refuse in sanitary containers and shall regularly remove the same from the Premises. Tenant shall keep all incinerators, containers or other equipment used for the storage or disposal of such matter in a clean and sanitary condition.

4.6 **Hazardous Material Defined.** As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local or state governmental authority, or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is defined as a hazardous waste or hazardous substance or similar term denoting a hazard to the environment under any applicable state or federal laws, rules or regulations ("Environmental Laws") governing the use, storage or disposal of such Hazardous Materials, including any substance (a) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. 1317j); (b) defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C 6901 et seq. (42 U.S.C. 6903); or (c) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C 9601 et seq. (42 U.S.C. 9601).

4.7 **Definitions.** As used in this Article 4, the following terms have the following definitions:

"Agencies" means any federal, state, or local governmental authorities, agencies, or other administrative bodies with jurisdiction over Tenant or the Premises.

"Environmental Laws" means any federal, state, or local environmental, health, or safety related laws, regulations, standards, court decisions, ordinances, rules, codes, orders, decrees, directives, guidelines, permits, or permit conditions, currently existing and as amended, enacted, issued, or adopted in the future relation to Hazardous Materials that are or become applicable to Tenant or the Premises.

ARTICLE 5 – TAX AND INSURANCE EXPENSES

5.1 Taxes and Insurance. The Landlord has basic insurance for the building, but the Tenant is responsible for any applicable insurance required for leasing space and owning equipment. The Tenant is responsible for any applicable personal and real property tax for the space being leased. The landlord will prorate the overall tax bill for the building based on the portion of the building being leased divided by the overall square footage of the building. The Landlord will bill the Tenant semi-annually and equally for the portion of the tax bill due to the City of Danville for real property. The Tenant will be billed directly for any personal property taxes. In the event of Tenant's nonpayment of Additional Rent, Landlord shall have all the same rights and remedies as Landlord has for the nonpayment of Base Rent. The term "Rental" and "Rent" as used in this Lease shall mean Base Rent and Additional Rent.**ARTICLE 6 – ALTERATIONS, MAINTENANCE, AND REPAIRS**

6.1 Alterations. Tenant shall not make any repairs, improvements, additions or modifications to the Premises (collectively, "Alterations"), except in accordance with the provisions of this Article 6.

6.1.1 "Major Alteration" means any Alteration with a cost of $10,000 or more or an Alteration which Tenant elects to make which materially alters the exterior walls or skin of the Building, the foundation of the Building or the roof of the Building. Prior to commencing work on any Major Alteration, Tenant shall first submit to Landlord plans for the proposed Major Alteration and a written request that Landlord consent thereto, which consent shall not be unreasonably withheld or delayed. Landlord may withhold its consent to any such Alteration if Landlord reasonably determines that such Alteration will be materially detrimental to the integrity of the structure of the Building, the fair market value of the Premises or the exterior appearance of the Property.

6.1.2 "Other Alteration" means any Alteration other than a Major Alteration. Such Other Alteration will not be materially detrimental to the integrity of the structure of the Building, the fair market value of the Premises or the exterior appearance of the Property. Prior to commencing work on any Other Alteration, Tenant shall first submit to Landlord plans for the proposed Other Alteration and a written request that Landlord consent thereto, which consent shall not be unreasonably withheld or delayed. Landlord my withhold its consent to any such Other Alteration if Landlord reasonably determines that such Other Alteration will be materially detrimental to the integrity of the structure of the Building, the fair market value of the Premises or the exterior appearance of the Property.

6.1.3 Additional Requirements With respect to any Alteration made by Tenant, Tenant shall comply with the following provisions:

(a) Construction of the Alteration shall not be commenced until ten (10) business days after Tenant has received consent from Landlord so that Landlord can post an appropriate notice of non-responsibility.

(b) Tenant shall procure all applicable construction permits and authorizations required by law before commencement of construction of any Alterations.

(c) All Alterations shall be performed in a good and workmanlike manner and shall be completed with due diligence in accordance with all applicable laws.

(d) During the period of any construction work by Tenant on the Premises, Tenant shall procure, or cause Tenant's contractor to procure, at no expense to Landlord, builder's "all risk" insurance and worker's compensation insurance with an insurance company satisfying the Landlord.

(e) Tenant shall be required to provide a payment bond and performance bond equal to the value of Alterations made by Tenant. Tenant further agrees that Tenant shall keep the Premises and the Property at all times free from any liens.

(f) Tenant shall provide Landlord with "as built" plans for any Major Alteration performed by Tenant.

6.1.4 Removal of Alterations, Restoration. Any Alterations to the Premises shall remain on and be surrendered with the Premises and title thereto shall vest in Landlord upon expiration or termination of the Term, unless otherwise agreed by Landlord. With the exception of "Tenant's Specialty Property" which includes the following: (a) all Tenant's trade fixtures and business fixtures; and (b) the following: (i) all moveable partitions which are not affixed to the Premises; (ii) any other furniture, fixtures, equipment, machinery and systems, provided that the foregoing items described in clauses (i) and (ii) above were made or installed by Tenant or paid for by Tenant and which can be removed from the Premises without damage to the structure of the Building. Landlord shall have no lien or other interest in any item of Tenant's property, including Tenant's Specialty Property. Except for Alterations which cannot be removed without structural injury to the Premises, at any time Tenant may remove Tenant's Specialty Property or other Alterations paid for by Tenant from the Premises, provided that Tenant repairs all damage caused by such removal.

6.2 Maintenance and Repair

6.2.1 Tenant's Repairs. Tenant, at its sole cost and expense, shall maintain and make all repairs required to keep the leased 3,000 square foot Premises in good condition, appearance and repair, ordinary wear and tear and casualty excepted, throughout the Term of this Lease. The Tenant is responsible for the maintenance and upkeep of all utilities, including but not limited to, HVAC systems and power system requirements, and water and sewer facilities that are directly used by the Tenant for the leased Premises. The Tenant is responsible for all labor, materials, and supplies associated with the Premise repairs and maintenance.

6.2.2 Tenant Maintenance. Tenant is responsible for their own trash disposal, janitorial, and any needed security services.

6.3 Landlord's Warranties/Obligations. Landlord represents and warrants to Tenant as follows:

6.3.1 On the Commencement Date, Landlord shall deliver the Building to Tenant in full compliance with applicable laws and regulations and otherwise in the condition set forth in Section 1.2 above. Landlord shall, at its sole cost and expense, promptly upon Tenant's request, remedy any violations of such delivery conditions.

6.3.2 Landlord shall, from time to time upon request of Tenant, execute such documents and instruments as Tenant may reasonably request to assign to Tenant all right, title and interest of Landlord in and to any warranties, guarantees and other contract rights with any contractors or subcontractors or consultants who have performed, or in the future will perform, work in connection with those portions of the Premises for which Tenant is responsible for the maintenance and repair. Landlord shall ensure that all contracts and subcontracts entered into by Landlord in connection with such Improvements shall permit the assignment of such warranties, guarantees and other rights to Tenant. If any such contracts or subcontracts are not assignable to Tenant, then, at Tenant's request, Landlord shall pursue in its own name any such warranty, guaranty or other right for the benefit of Tenant, so long as Tenant reimburses Landlord for Landlord's reasonable costs and expenses incurred in connection therewith.

6.4 Payment of Liens. During the Term, Tenant shall pay for, or cause to be paid for, all labor done or materials furnished for any work of construction, repair, maintenance or alterations done by or for Tenant in, upon or about the Premises, and shall keep and hold the Land and all improvements placed thereon free, clear and harmless of, from and against all liens arising by reason of labor done or materials furnished in connection with any construction work performed in, upon, or about the Premises at the request or direction of Tenant, its employees or agents. Tenant shall indemnify, defend and hold Landlord harmless from and against all damages, costs, and expenses, including attorneys' fees (collectively, "Damages") which might accrue or be incurred by reason of or on account of any such lien or claim.

6.5 Discharge of Liens. Tenant shall pay and fully discharge any such lien or claim within thirty (30) days after written notice from Landlord of the existence thereof unless within such period, Tenant has notified Landlord of Tenant's intention to contest such lien or claim, or has commenced a contest thereof, in which case 6.6 below shall apply.

6.6 Lien Contests. Tenant shall have the right to contest the correctness or validity of any such lien or claim subject to the indemnification provisions of Section 6.4 above.

6.7 Notice of Non-responsibility. Landlord, at all reasonable times, shall upon reasonable notice to Tenant, have the right to go upon the Premises for the purpose of posting and keeping posted thereon such notices of non-responsibility as Landlord deems necessary for protection of the Premises from material suppliers' or mechanics' liens or other claims or liens of a similar nature.

ARTICLE 7 EXCULPATION, INDEMNITY, AND INSURANCE

7.1 Exculpation of Landlord. Landlord shall not be liable to Tenant and Tenant waives all claims against Landlord for any damage, injury, deterioration, or loss to a person or property ("Damage") suffered by Tenant or Tenant's property from any cause except for any claim or Damage caused by any acts, omissions, neglect or fault of Landlord, its officers, agents, contractors, representatives or employees, and except for any claim or Damage caused by any default by Landlord under this Lease.

7.2 Exculpation of Tenant. Tenant shall not be liable to Landlord and Landlord waives all claims against Tenant for any Damage to Landlord or landlord's property from any cause except for any claim or Damage caused by any acts, omissions, neglect or fault of Tenant, its officers, agents, contractors, representatives or employees, and except for any claim or Damage caused by any default by Tenant under this Lease.

7.3 Indemnity. Tenant shall indemnify, defend and hold the Landlord, its officers, directors, members, parents, affiliates, employees and representatives harmless from and against all claims or Damages caused by any willful misconduct, neglect or fault of the indemnifying party, its officers, agents, contractors, representative and employees. Tenant shall further indemnify, defend and hold the Landlord harmless from all claims or Damages arising from any breach or default in the performance of any obligation to be performed by the indemnifying party under the terms of this Lease, and from and against all costs, attorneys' fees, expenses and liabilities incurred as a result of or arising out of such claim or any action or proceeding brought thereon. In case any action or proceeding shall be brought against Landlord by reason of any claims covered by this indemnity, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel reasonably approved by Landlord. The provisions of this Section shall survive the expiration or sooner termination of this Lease with respect to claims or liabilities occurring or arising prior to such expiration or termination.

7.4 Tenant's Insurance. At all times during the Term and any other period of occupancy, Tenant at its sole cost and expense, shall keep in full force and effect either a Commercial General Liability Insurance Policy (or an equivalent), an Excess Liability Policy and/or an Umbrella liability Policy insuring Tenant against any liability arising out of the leasing, use, occupancy or maintenance of the Premises such insurance shall be in the amount of Five Hundred Thousand Dollars ($500,000) Combined Single limit for injury to, or death of, one or more persons in an occurrence and for damage to tangible property (including loss of use) in an occurrence. The policy shall insure the hazards of the Premises and Tenant's operations thereon, and (i) shall name Landlord and any secured parties designated by Landlord as additional insureds and (ii) shall contain a cross liability provision.

7.5 Landlord's Insurance. From and after the Commencement Date, Tenant agrees to pay a percentage of the total insurance premium on the building based on leasing 3,000 square feet of space in a 48,000 total square foot building. Therefore, at all times during the Term, Landlord shall keep in full force and effect the following insurance which may be satisfied by coverage under one or more blanket policies covering multiple properties in which Landlord or its affiliates hold interests, directly or indirectly:

7.5.1 Standard form property insurance insuring against the perils of fire, extended coverage, vandalism, malicious mischief, special extended all risk coverage and sprinkler leakage, as well as boiler and machinery insurance, including coverage for pressure vessels, air tanks, boilers, machinery, and pressure piping. This insurance policy shall be upon all Improvements, including the Building, in an amount not less than the full replacement value thereof with an "agreed amount" or "stipulated value" endorsement. Such policy shall name Landlord and any secured parties designated by Landlord as loss payees, as their respective interests may appear and the proceeds thereof shall be used in accordance with Article 8 below.

7.5.2 Any combination of a Commercial General Liability Insurance Policy (or an equivalent), an Excess Liability Policy and/or an Umbrella Liability Policy insuring Landlord against any liability arising out of the leasing, use, occupancy, or maintenance of the Property, such insurance shall be in the amount of not less than One Million Dollars ($1,000,000) Combine Single Limit for injury to, or death of, one or more persons in an occurrence, and for damage to tangible property (including loss of use) in an occurrence.

7.6 Certificates of Insurance. All policies covered in sections 7.4 and 7.5 shall be written in a commercially reasonable form and shall be maintained with insurance companies holding a General Policyholder's Rate of "A-"or better, and a financial rating of "VIII" or better, as set forth in the most current issue of Best's Key Rating Guide, and, with respect to Tenant's general liability insurance, shall require thirty (30) days advance written notice to Landlord of any cancellation or modification.

7.7 Waiver of Subrogation. All policies of insurance required hereunder or otherwise obtained by either party shall include a clause or endorsement waiving, on behalf of the insurer, any rights of subrogation against the other party. Notwithstanding anything to the contrary herein, Landlord and Tenant each hereby waive any and all rights of recovery against the other or against the officers, directors, shareholders, partners, employees, agents and representatives of the other, on account of loss or Damage occasioned to such waiving party or its property or the property of owners under its control to the extent that such loss or Damage is caused by or results from a risk which is actually insured against, which is required to be insured against under this Lease, or which would normally be covered by all risk property insurance, without regard to the negligence or willful misconduct of the entity so released. All of Landlord's and Tenant's repair and indemnity obligations under this Lease shall be subject to the waiver contained in this paragraph. Landlord and Tenant shall each give notice to their respective insurance carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

7.8 <u>Right to Procure Insurance.</u> If either Tenant or Landlord fails or neglects to procure or maintain any insurance required to be carried in this Lease, pays the premiums thereof or renew the same, then in any of such events, the other party at its option, may (but shall not be required to) obtain such insurance and pay the premium therefore only after fifteen (15) days written notice (or less notice if the policy might expire) to the party failing to maintain such required insurance. The cost thereof together with interest thereon at the rate of ten percent (10%) per annum shall become due and payable as additional rent to Landlord together with Tenant's next monthly installment of Base Rent if such failure or neglect is attributable to the Tenant, or become due and payable to Tenant if such failure is attributable to Landlord.

ARTICLE 8 – <u>DAMAGE OR DESTRUCTION</u>

8.1 <u>Destruction.</u> If during the Term, the Premises and/or the Building are totally or partially destroyed, damaged, or disfigured ("<u>Destruction</u>") by any cause whatsoever, whether from a risk covered by the insurance described in Article 7, from a risk not covered by such insurance, or any combination of such risks, Tenant shall promptly notify Landlord of such Damage or Destruction. Subject to the terms and conditions of this Article 8, Landlord, up to the insurance limits, shall be responsible for the repair, restoration and rehabilitation to the same condition prior to such Damage or Destruction ("<u>Restore</u>" or "<u>Restoration</u>") of any Damage to or Destruction of the Improvements except for any damage due to negligence, recklessness, willful misconduct, or intentional damage on the part of the Tenant or its agents, employees or contractors; Tenant shall be responsible for the repair and Restoration of any personal property of Tenant.

8.2 <u>Application of Insurance Proceeds</u>. The insurance proceeds maintained by Landlord and Tenant with respect to the Improvements and the Building shall be applied to the Restoration of the Improvements.

8.2.1 If the total estimated costs of Restoration of Improvements (other than Tenant's personal property), shall exceed any amount of proceeds of insurance applicable and available therefore, such excess shall be borne and paid solely by Tenant.

8.2.2 If the net proceeds of insurance applicable to the Improvements and Building exceed the total actual cost of Restoration, the balance remaining after payment of the cost of such Restoration to the Premises shall be paid to the party which maintains the insurance policy.

8.2.3 Base Rent and other charges under this Lease shall be equitably abated from the date of the occurrence of any Damage until such Damage is fully repaired or restored.

8.3 Right to Terminate. If the Premises are subject to any Destruction, then Tenant shall have the option to terminate this Lease if the Premises cannot be, or are not in fact, fully restored to their prior condition within one hundred twenty (120) days after the damage.

ARTICLE 9 – TAXES

9.1 Personal Property Taxes. Tenant shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in, on or about the Premises. Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord.

9.2 Real Property Taxes. From and after the Commencement Date only, Tenant agrees to pay a percentage of the total real property taxes on the building based on leasing 3,000 square feet of space in a 48,000 total square foot building (6.25% of square footage) . The Real Property Taxes will be based on the value of the building as set by the Danville Property Assessor. Landlord will provide notice and detailed explanation of how amount was derived.

ARTICLE 10 – UTILITIES

10.1 Payment. Tenant shall make arrangements for and pay for all water, gas, power, electrical current, telephone, broadband other utilities, heat and air conditioning used by or supplied to the 3,000 square feet rented by the Tenant. Nothing in the foregoing sentence shall be construed to relieve Landlord of its obligations for the construction and maintenance of utility systems to the extent such construction is required pursuant to the terms of this Lease. If the Premises should become not reasonably suitable for Tenant's use as a consequence of cessation of utilities or other services (except for nonpayment of utilities or other services), interference with access to the Premises, legal restrictions or the presence of any Hazardous Material which does not result from the release or emission of such Hazardous Material by Tenant or its agents, employees or invitees, and in any of the foregoing cases the inference with Tenant's use of the Premises persists for seven (7) days, then Tenant shall be entitled to an equitable abatement of rent to the extent of the interference with Tenant's use of the Premises occasioned thereby. If the interference persists for more than ninety (90) days, Tenant shall have the right to terminate this Lease.

10.2 Installation. Tenant shall have the right to install at any time emergency power equipment servicing the Premises and Landlord shall cooperate with Tenant's installation, use and testing thereof.

ARTICLE 11 – ASSIGNMENT AND SUBLETTING

11.1 Restrictions on Assignment. Except as provided elsewhere herein, Tenant shall neither voluntarily nor by operation of law assign, sell nor otherwise transfer all or any part of Tenant's leasehold estate hereunder, without Landlord's prior express written consent. Consent by Landlord to one or more assignments of this Lease shall not constitute a waiver of Landlord's right to require consent to any future assignment.

11.2 Tenant's Notice. Except as provided in Section 11.1 above, if Tenant desires at any time to assign this Lease, then Tenant first shall notify Landlord of its desire to do so and shall submit in writing to Landlord (i) the name and legal composition of the proposed assigned; (ii) the nature of the proposed assignee's business to be carried on in the Premises; and (iii) such reasonable business and financial information as Landlord may reasonably request concerning the proposed assignee. With respect to an assignment, the assignee must expressly assume all prospective obligations of Tenant under this Lease accruing after the assignment. Notwithstanding the assumption of the obligations of this Lease by the assignee no assignment shall relieve Tenant of liability under this Lease. The obligations and liability of Tenant hereunder shall continue notwithstanding the fact that Landlord may accept rent and other performance from the assignee. The acceptance of rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any assignment.

11.3 Restrictions on Subletting. Tenant may sublease all or portions of the Premises from time to time with the written consent of Landlord, and Landlord shall give written notice to Tenant of its consent or denial within fifteen (15) business days after receipt of reasonable information regarding the proposed sublessee. Such consent shall be in the sole discretion of the Landlord. Any such sublease shall be subject to the terms and provisions of this Lease. No sublessee shall have a right to further sublet without Landlord's prior written consent, such consent shall be in the reasonable discretion of the Landlord, and any assignment by a sublessee of the sublease shall be subject to Landlord's prior written consent in the same manner as if Tenant were entering into a new sublease. No sublease, once consented to by Landlord shall be modified or terminated by Tenant without Landlord's prior written consent, such consent being in the reasonable discretion of the Landlord.

11.4 Failure to Comply. Any sale, assignment, mortgage or transfer of this Lease or subletting which does not comply with the provisions of this Section 11 shall be void.

ARTICLE 12 – DEFAULTS, REMEDIES, TERMINATION by TENANT

12.1 Late Payments. If any payment or amount due by Tenant is received more than five (5) days after such amount is due, such past due amount plus a late payment penalty of three hundred dollars ($300) shall be due.

12.2 Events of Default by Tenant. The occurrence of any one or more of the following events shall constitute a material default of this Lease by Tenant:

12.2.1 The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due where such failure shall continue for a period of ten (10) business days after a written notice thereof from Landlord to Tenant.

12.2.2 The failure by Tenant to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Tenant, other than as described in Section 12.2.1 hereof, where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant (or such longer period as may be reasonably necessary to cure such failure, as long as Landlord continues to exercise reasonable efforts to cure same).

12.2.3 The making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises, or of Tenant's interest in this Lease, where possession is not restored to Tenant with sixty (60) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within sixty (60) days.

12.2.4 Notices given pursuant to this Section 12.2 shall specify the alleged default and the applicable Lease provisions and shall demand that Tenant perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time or vacate the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord so elects in the notice.

12.3 Remedies of Landlord. Following any material default by Tenant as defined in Section 12.2 hereof which is not cured within the time set forth within, and at any time thereafter prior to Tenant's cure, and without Limiting Landlord's exercise of any right or remedy which Landlord may have in law or equity. Landlord shall have the right to: (i), terminate this Lease after giving Tenant thirty (30) days written notice of its intention to do so and in accordance with any laws governing such termination, and Tenant shall then surrender the Premises to Landlord; or (ii) enter and take possession of the Premises, in accordance with any laws governing such repossession, and remove Tenant, after having terminated the Lease; and/or (iii) declare six months of rents and fees due,. Landlord's exercise of any of its remedies or its receipt of Tenant's keys shall not be considered an acceptance or surrender of the Premises by Tenant.

12.4 Landlord Defaults. If Landlord fails to perform any obligations under this Lease and such failure continues for a period of thirty (30) days following the date of Tenant's written notice to Landlord specifying such failure (or such longer period as may be reasonably necessary to cure such failure, as long as Landlord continues to exercise reasonable efforts to cure same) then in such event Tenant may in addition to exercising any and all remedies available at law or in equity perform such obligations on behalf of Landlord. If Landlord has not cured such default, Landlord will reimburse Tenant for all third party costs actually incurred by Tenant to cure such default, together with interest thereon at the rate of ten percent (10%) per annum. Tenant may act sooner in the event of an emergency involving imminent risk of death, personal injury or property damage as long as Tenant has first taken reasonable measures to notify Landlord, and once the emergency has come under control, permits Landlord to control any remaining corrective measures.

12.5 Remedies Cumulative: No Waiver. All rights, options and remedies of Landlord and Tenant contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and each party shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity (including injunctive relief), whether or not stated in this Lease. No waiver of any default of either party hereunder shall be implied from any acceptance of any rent or other payments due hereunder or any omission by the non defaulting party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in said waiver. The consent or approval of Landlord or Tenant to or of any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary the consenting party's consent or approval to or of any subsequent similar acts by the other party.

ARTICLE 13 – CONDEMNATION

13.1 Definition As used in this Article 13:

13.1.1 "Condemnation" means (a) the exercise of any governmental power, whether by legal proceedings or otherwise, by a condemnor and (b) a voluntary sale or transfer by Landlord to any condemnor, while legal proceedings for condemnation are pending.

13.1.2 "Date of Taking" means the date the condemnor has the right to possession of all or part of the Premises or any interest thereon being condemned.

13.1.3 "Award" means all compensation, sums or anything of value awarded, paid or received on a total or partial condemnation of the Land, any improvements thereon, any personal property or trade fixtures located at the Premises without regard for the person or entity entitled to recover or receive such award.

13.1.4 "Condemnor" means any public or quasi public authority having the power of condemnation.

13.1.5 "Taking" means a condemnor has gained the right to possession of all or part of the Premises or any interest thereon being condemned

13.2 Taking. If, at any time prior to the expiration of the Term, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation, this Lease shall terminate as to the portion of the Premises being Condemned. Tenant may recover an award for Tenant's relocation expenses, loss of goodwill, any improvements paid for or installed by Tenant, Tenant's personal property and equipment, the "bonus value" of this Lease and, except as provided below, such other costs and losses incurred by Tenant and generally compensable to Tenant under the laws of the Commonwealth. Such recovery shall only be made against Landlord if landlord is responsible for said taking. Landlord shall be entitled to receive, subject to the rights of any mortgagee of the Property, the compensable value of Landlord's fee interest in the Property and such other compensation generally available to Landlord under the laws of the Commonwealth.

13.3 Entire Taking. If the entire Premises are taken by Condemnation, this Lease shall terminate effective upon the Date of Taking.

13.4 Partial Taking. If part, but not all, of the Property shall be taken by Condemnation, this Lease shall terminate as to the part so taken and remain in effect as to the remainder not so taken. If part, but not all, of the Property is taken by Condemnation, effective as of the Date of Taking, the Base Rent then in effect shall be equitably abated in proportion to the area of the Premises and the Land subject to the taking. With respect to any partial Condemnation of the Property, if such partial Condemnation affects any Improvements, then Tenant, shall take reasonable steps to restore the Improvements to a condition as close as practical to the condition exiting immediately prior to such Condemnation. In addition, Tenant shall have the right to terminate this Lease if, as a result of the partial taking, Tenant's use of the Premises is materially impaired.

ARTICLE 14 – EXTERIOR AND SIGN REGULATION

The parties acknowledge and recognize that the Property is located within the City's Tobacco Warehouse District. Tenant agrees to utilize signage that is appropriate to the building and of similar style and nature to surrounding properties and approved by the Landlord. Tenant shall conform with all zoning and building regulations of the City and the State regarding signage and renovations of the Property.

ARTICLE 15 – WARRANTIES

15.1 Title. Landlord warrants and represents to Tenant that Landlord has full authority to enter into this Lease.

15.2 Public and Private Approvals and Entitlements. Landlord warrants and represents that it has obtained all public and private approvals and entitlements necessary to permit the development of the Improvements.

ARTICLE 16 – SURRENDER

16.1 Surrender of Lease Not Merger. A surrender of this Lease by Tenant, a cancellation of this Lease by mutual agreement between Landlord and Tenant, or a termination of this Lease for any reason shall not automatically work a merger.

16.2 Condition of Premises. Upon the expiration or earlier termination of the term, Tenant shall surrender possession of the Premises to Landlord in reasonably good order, condition and repair, excepting reasonable wear and tear, casualties, condemnation and any damage or repair that landlord is required to restore or repair pursuant to this Lease. In such event, Tenant, at its expense, shall promptly remove or cause to be removed from the Premises all debris, rubbish, furniture, and other similar articles of movable personal property owned by Tenant or placed by Tenant at its expense in the Premises, and all similar articles of any other persons claiming under Tenant. In addition, Tenant may elect to remove any of Tenant's Specialty Property and other personal property or Alterations owned by Tenant or installed or placed by Tenant at its expense in the Premises. Tenant also shall repair, at its sole cost and expense, all damages which removals from or Restoration of the Premises may cause.

ARTICLE 17 – ESTOPPEL CERTIFICATE; SUBORDINATION; NON-DISTURBANCE; NOTICE TO LANDLORD'S MORTGAGEE

17.1 Estoppel Certificate. The parties agree, at any time and from time to time, upon not less than twenty (20) days' prior written notice by either, to execute, acknowledge and deliver to the other, by deposit in the United States mail, a statement in writing certifying that (i) this Lease is unmodified, in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified, and identifying the modification), (ii) the date to which the rent and other charges have been paid in advance, if any, (iii) whether or not there is any existing default by either party or notice thereof served by either party, (iv) and such other information as may be reasonably requested by such party, provided that such statement shall not modify any party's rights or obligations under this Lease or impose any additional liability on any party. Any such statement may be conclusively relied upon by any prospective purchaser, assignee, encumbrancer of the Premises or the Lease.

ARTICLE 18 – QUIET ENJOYMENT

Quiet Enjoyment. Subject to Landlord's rights under Article 12, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises in accordance with this Lease.

ARTICLE 19 – GENERAL PROVISIONS

19.1 Severability. The invalidity, illegality or unenforceability of any provision of this Lease as determined by a court of competent jurisdiction shall in no way affect the validity, legality or enforceability of any other provision hereof.

19.2 Time. Time is of the essence in the performance of all terms, covenants, warranties and conditions of this lease.

19.3 Captions. The article and paragraph captions hereto have been inserted solely as a matter of convenience and such captions in no way shall be deemed to define or limit the scope or intent of any provision of this Lease.

19.4 Notices. Any notice, request, approval or other communication required or permitted under this Lease shall be in writing and will be deemed to have been duly delivered upon personal delivery, or on the second business day after deposit with Federal Express or other overnight courier service, or as of the third business day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed to Landlord and Tenant respectively at the addresses set forth below or at such other addresses as may from time to time be designated in writing by Landlord or Tenant by notice pursuant hereto

Landlord:

Industrial Development Authority of Danville
c/o The City Attorney's Office
P.O. Box 3300
Danville, VA 24543
(434) 799-5122

With a copy to:

City Attorney
P.O. Box 3300
Danville, VA 24543
(434) 799-5122

Tenant:

Southside Business Technology Center, aka The Launch Place
527 Bridge Street
Danville, VA 24543
Attn: Eva Doss

19.5 Waiver. No waiver of any provision hereof shall be deemed a waiver of any other provision hereof. Consent to or approval of any act by one of the parties hereto shall not be deemed to render unnecessary the obtaining of such party's consent to or approval of any subsequent act. The acceptance of rent hereunder by Landlord shall not be a waiver of any preceding breach by Tenant or any provision hereto, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

19.6 Holding Over. If Tenant continues to use the Premises, or any part of the Premises, after the expiration of the Term, then Tenant's holdover tenancy shall be on a month-to-month basis, and shall not be construed as a tenancy at sufferance. Tenant shall pay Landlord monthly during the month-to-month holdover term a sum equal to (i) 150% of the Base Rent which was payable for the last month of the Term or any renewal term, together with (ii) any additional charges payable by Tenant under this Lease for the period of such holdover.

19.7 Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but, wherever possible, shall be cumulative with all other remedies at law or in equity.

19.8 Successors. Subject to any provision in this Lease restricting assignment, subletting or other transfers by Landlord or Tenant, each and all of the covenants, agreements, obligations conditions and provisions of this Lease shall inure to the benefit of and shall bind (as the case may be) not only the parties hereto but each and all of the heirs, executors, administrators, successors and assigns of the respective parties hereto. Whenever a reference is made herein to Landlord or Tenant, such reference shall be deemed to include the respective heirs, executors, administrators, successors and assigns of Landlord or Tenant. All of these promises, covenants, agreements, obligations, conditions and provisions contained in this Lease shall be construed to be, and as, covenants running with the land, in the case of Landlord, and covenants running with Tenant's leasehold interest, in the case of Tenant, subject to the provisions of the Lease.

19.9 Choice of Law. This Agreement and the performance thereof shall be governed by and enforced under the laws of the Commonwealth of Virginia, and if legal action by either party is necessary for or with respect to the enforcement of any or all of the terms and conditions hereof, then exclusive venue therefore shall lie in the City of Danville, Virginia.

19.10 Attorneys' Fees. In the event either party brings any suit or other proceeding with respect to the subject matter or enforcement of this Lease or with respect to a breach of a representation or warranty hereunder, each party shall pay its own attorneys fees.

19.11 Entry by Landlord. Landlord and Landlord's authorized representatives and agents, at their sole risk, shall have the right to enter the Premises at any time during business hours and upon prior notice to Tenant of not less than 48 hours, after business hours, for the purpose of inspecting same, showing the same to prospective purchasers or lenders, and making such alterations, repairs, improvements or additions to the Premises as landlord may be required or permitted to make hereunder. Landlord, at its sole risk, may enter the Premises without 48 hours notice in the case of an emergency, provided Landlord has first made a reasonable attempt to notify Tenant's employees. Notwithstanding the above, if Landlord is required to enter into areas designated by Tenant as restricted access areas, Landlord or its representative shall be escorted by a Tenant representative at all such times. Any entry by landlord and Landlord's agents shall not impair Tenant's operations more than reasonably necessary, and shall comply with Tenant's reasonable security measures.

19.12 <u>Tenant's Authority</u>. Tenant is a corporation and each individual executing this Lease on behalf of said corporation is duly authorized to execute and deliver this Lease on behalf of said corporation, and this Lease is binding upon said corporation in accordance with its terms.

19.13 <u>No Third Party Rights Conferred</u>. Except as otherwise provided herein, nothing expressed or implied is intended, or shall be construed, to confer upon or grant to any third person any rights or remedies under or by reason of any term or condition contained in this Lease.

19.14 <u>Integration</u>. This Lease and the documents referred to herein and the agreements attached hereto as exhibits cover in full each and every agreement of every kind or nature whatsoever between the parties hereto concerning the Premises and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement shall be held to vary the provisions hereof.

19.15 <u>Number, Gender</u>. Whenever the context of this Lease requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural.

19.16 <u>Construction</u>. Landlord and Tenant agree that each party has had the opportunity to have its legal counsel review and approve of the form of this Lease, and each has participated in the preparation of this Lease. Each party agrees to waive any right to have the provisions of this Lease construed against any party primarily responsible for drafting same.

19.17 <u>Exhibits</u>. Exhibits A and B are attached to this Lease and are incorporated herein by reference. Any reference to the term "<u>Lease</u>" also shall be deemed to refer to any applicable Exhibit.

19.18 <u>Modification</u>. None of the covenants, terms or conditions of this Lease to be kept and performed by Landlord or by Tenant shall be altered, waived, modified, changed or abandoned in any manner, except by a written instrument, duly executed (and, where applicable, acknowledged) and delivered by the parties hereto.

19.19 No Partnership. Nothing in this Lease, including the agreements of Tenant contained herein, shall be construed to indicate in any way that Tenant is a partner of, or a joint venture with, Landlord in respect of any construction required or permitted hereby or any other matter.

19.20 Waiver of Consequential Damages. Neither Landlord nor Tenant shall be liable to the other under or in connection with this Lease for any consequential, exemplary, special or punitive damages, and both Landlord and Tenant waive, to the full extent permitted by law, any claim for consequential, exemplary, special or punitive damages.

19.21 Force Majeure. After the Commencement Date, and except for payment of rent, neither party shall be responsible to the other for any losses resulting from the failure to perform any terms or provisions of this Lease if the party's failure to perform is attributable to war, riot, acts of God or the elements or any other unavoidable act not within the control of the party whose performance is interfered with and which by reasonable diligence such party is unable to prevent. However, neither party shall be excused from the timely performance of its obligations under this Lease for a period of time greater than (90) days on account of force majeure.

19.22 Proprietary Rights. Landlord has no right to market, advertise, promote or use any of Tenant's names, logos, images or property, in connection with the Building or otherwise, without the express written consent of Tenant. All Tenant trademarks, trade names and logos remain the exclusive property of Tenant and/or its affiliates.

IN WITNESS WHEREOF: Landlord AND Tenant have duly executed this Lease on the day and year first written above.

LANDLORD:

INDUSTRIAL DEVELOPMENT

AUTHORITY OF DANVILLE,
a political subdivision of the
Commonwealth of Virginia

By: Richard L. Turner

Name: Richard L. Turner

Title: Chairman

TENANT:

SOUTHSIDE BUSINESS TECHNOLOGY CENTER
a Virginia corporation

By: [signature]

Name: EVA DOSS

Title: President / CEO

EXHIBIT "A"

Legal Description of the Land

Being in fact property located at 527 Bridge Street and identified as Parcel Identification Number 92-21487 in the City of Danville; further described as lot fronting 94.25 feet on Bridge Street in the City of Danville, Virginia; and being the same property as identified in the attached City of Danville-Real Estate Assessment Card.

SCHEDULE OF ESTIMATED
ADDITIONAL RENT PER ANNUM
THE LAUNCH PLACE

GENERAL PROPERTY INSURANCE*	$808.06 YEARLY
REAL ESTATE TAX*	$534.36, PAYABLE TWO TIMES PER YEAR @ $267.18 EACH PAYMENT

*NOTE: THESE ARE CURRENT ESTIMATES. THESE CHARGES ARE SUBJECT TO CHANGE ON AN ANNUAL BASIS.

INSURANCE COST AND TAXES ON PERSONAL PROPERTY OWNED BY THE TENANT SUBJECT TO CONTROL BY THE LAUNCH PLACE.