CITY COUNCIL AGENDA ITEM COVER MEMO

Agenda Item Number: _____

Meeting Type: Regular

Meeting Date: Sep 25, 2014

Action Requested By: ITS

Agenda Type: Resolution

Subject Matter:

ITS Office Lease

Exact Wording for the Agenda:

Modification No. 1 to Office Lease Agreement Between Huntsville Utilities and the City of Huntsville previously executed on February 14, 2013.

Note: If amendment, Please state title and number of the original

Item to be considered for: Action

Unanimous Consent Required: No

Briefly state why the action is required; why it is recommended; what council action will provide, allow and accomplish and; any other information that might be helpful.

This Resolution allows the City of Huntsville (Tenant) an option for early termination of the lease for office space with Utilities; and, the parties mutually desire to allow Tenant to terminate the lease agreement prior to the end of the five-year term upon Tenant's securing alternate office space.

Associated Cost: _____

Budgeted Item: Not Applicable

MAYOR RECOMMENDS OR CONCURS: _____

Department Head: Will M. [illegible]

Date: Sep 17, 2014

ROUTING SLIP
CONTRACTS AND AGREEMENTS

Originating Department: **ITS**

Council Meeting Date: **9/25/2014**

Department Contact: **Tracy Rosser**

Phone # **256-427-5097**

Contract or Agreement: **Huntsville Utilities**

Document Name: **MODIFICATION NO. 1 TO OFFICE LEASE AGREEMENT WITH H'VILLE UTIL...**

City Obligation Amount:

Total Project Budget:

Uncommitted Account Balance:

Account Number:

Procurement Agreements

Not Applicable	**Not Applicable**

Grant-Funded Agreements

Not Applicable	**Grant Name:**

Department	Signature	Date
1) Originating	[illegible]	9/17/14
2) Legal	Mary C Gates	9/17/14
3) Finance CC	[illegible]	9/19
4) Originating		
5) Copy Distribution		
a. Mayor's office (1 copies)		
b. Clerk-Treasurer (Original & 2 copies)		

Revised 04/15/2011

RESOLUTION NO. 14-_____

BE IT RESOLVED by the City Council of the City of Huntsville, Alabama that the Mayor be, and he is authorized on behalf of the City of Huntsville, a Municipal Corporation in the State of Alabama, to enter into an Agreement by and between the City of Huntsville and Huntsville Utilities, which said Agreement is substantially in words and figures similar to that certain document attached hereto and identified as "Modification No. 1 to Office Lease Agreement Between Huntsville Utilities and the City of Huntsville previously executed on February 14, 2013", consisting of twenty six (26) pages, and the date of October 23, 2014 appearing on the margin of the first page, together with the signature of the President or President Pro Tem of the City Council, an executed copy of said document being permanently kept on file in the office of the City Clerk-Treasurer of the City of Huntsville, Alabama.

ADOPTED this 23rd day of October, 2014.

_____
President of the City Council of the
City of Huntsville, Alabama

APPROVED this 23rd day of October, 2014.

_____
Mayor of the City of Huntsville, Alabama

MODIFICATION NO. 1 TO OFFICE
LEASE AGREEMENT BETWEEN HUNTSVILLE
UTILITIES AND THE CITY OF HUNTSVILLE
PREVIOUSLY EXECUTED ON FEBRUARY 14, 2013
AND ADOPTED AND APPROVED BY THE HUNTSVILLE
CITY COUNCIL PURSUANT TO RESOLUTION NO. 13-127

MODIFICATION NO. 1 TO OFFICE LEASE AGREEMENT

This Modification No. 1 to Office Lease Agreement (this "Modification") is made and entered into on the _____ day of September, 2014, by and between the City of Huntsville, Alabama d/b/a Huntsville Utilities, hereinafter referred to as "Landlord" and the City of Huntsville, Alabama, a municipal corporation in the State of Alabama, hereinafter referred to as "Tenant".

WITNESSETH

WHEREAS, Landlord and Tenant entered into that certain lease agreement attached hereto and incorporated herein by reference as Exhibit "A" on February 14, 2013; and

WHEREAS, the term of the said lease agreement was two (2) years, commencing on October 1, 2012 and ending on September 30, 2014; and

WHEREAS, the original lease agreement allowed Tenant the option to renew the lease for one additional term of five (5) years; and

WHEREAS, Tenant exercised the renewal option on May 29, 2014; and

WHEREAS, at the time of the exercise of the option, the parties mutually understood and agreed that the Tenant would require an option for early termination of the lease; and

WHEREAS, the parties mutually desire to allow Tenant to terminate the lease agreement prior to the end of the five-year term upon Tenant's securing alternate office space;

NOW THEREFORE, Landlord and Tenant hereby agree to amend the Office Lease Agreement as follows:

1. The following language is hereby added to the Office Lease Agreement as Section 18(c):

_____
President of the City Council of
the City of Huntsville, Alabama
Date: _____

If tenant exercises the option renewal set forth in Section 18(a) herein, then Tenant shall have the right to terminate this Lease prior to the end of the renewal term by providing Landlord with three (3) months' notice of its intent to terminate the Lease provided that the Lease is not then in default.

2. All other terms and conditions of the original Office Lease Agreement remain unchanged and in full force and effect.

WITNESS OUR HANDS AND SEALS the day and year above written

In the presence of:

Witness

LANDLORD: CITY OF HUNTSVILLE
d/b/a HUNTSVILLE UTILITIES

By: _____

Its: CFO

In the presence of:

TENANT; CITY OF HUNTSVILLE, ALABAMA

Attest: _____
Charles E. Hagood
Clerk-Treasurer

By: _____

Its: Tommy Battle
Mayor

STATE OF ALABAMA)
COUNTY OF MADISON)

I, the undersigned, a notary public in and for said County, in said State, hereby certify that Tommy Battle and Charles E. Hagood, whose names as Mayor and City-Clerk Treasurer of The City of Huntsville, a municipal corporation are signed to the foregoing instrument, and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they, in their capacity as such officers, executed the same voluntarily for and as the act of said corporation on the day the same bears day.

GIVEN under my hand and official seal this the ____ day of _____, 2014.

_____
Notary Public

STATE OF ALABAMA)
COUNTY OF MADISON)

I, the undersigned, a notary public in and for said County, in said State, hereby certify that _____ and _____, whose names as _____ and _____ of the City of Huntsville d/b/a Huntsville Utilities, are signed to the foregoing instrument, and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they, in their capacities as such officers, executed the same voluntarily for and as the act of said corporation on the day the same bears day.

GIVEN under my hand and official seal this the 16th day of September, 2014.

Vanessa G. Weatherly
Notary Public

ssmission Expires 10/9/2016

OFFICE LEASE AGREEMENT BETWEEN HUNTSVILLE UTILITIES AND THE CITY OF HUNTSVILLE, ALABAMA

THIS LEASE AGREEMENT made as of this 14th day of February, 2013, but effective as of the 1st day of October, 2012.

WITNESSETH:

That the **City of Huntsville, Alabama, d/b/a Huntsville Utilities**, an Alabama municipal corporation, hereinafter called the **Landlord**, hereby leases to the **City of Huntsville, Alabama**, an Alabama municipal corporation, hereinafter called the **Tenant**, whether one or more, the space described in Exhibit "A" located at 101 Church Street SW, Huntsville, Alabama 35801 (the "Building"), attached hereto and made a part hereof (hereinafter called the "Demised Premises"), located in the Building upon the terms and conditions hereinafter stated.

1. Term. TO HAVE AND TO HOLD for the term of two (2) years, beginning October 1, 2012, and ending on September 30, 2014, unless the term hereby demised shall be sooner terminated as hereinafter provided; and subject to the conditions and for the consideration hereinafter stated. Tenant has had the opportunity to inspect the Demised Premises and is fully familiar with the same, and hereby accepts possession of the Demised Premises in "as-is, where-is" condition.

2. Rent. Tenant shall pay as rent for the Demised Premises the sum of $17.40 per square foot per annum, payable in monthly installments of $11,897.25 per month, subject to adjustment as provided for in paragraph "SEVENTEEN". All other rent payments shall be made in advance on the first day of each month at the office of the Landlord. Demand on the Demised Premises on the due date by Landlord is not required. Unless otherwise provided in the Lease Agreement, in the event rent is not paid within ten (10) days after the due date thereof, Tenant agrees to pay a late charge of the $200.

3. Use. That the Tenant will use and occupy the Demised Premises for business offices and for no other purpose without Landlord's prior written consent.

4. Condition of the Premises. No representations have been made to the Tenant respecting the condition of the Demised Premises. The taking possession of the Demised Premises by the Tenant shall be conclusive evidence against the Tenant that the Demised Premises were in good and satisfactory condition when possession of same was so taken; Tenant

President of the City Council
Huntsville, Alabama
Date: February 14, 2013

3/267557.7

covenants and agrees to keep the Demised Premises in good order and condition during the term of this Lease, and will, at the termination of this Lease, by lapse of time or otherwise, return the Demised Premises to the Landlord in as good condition as at the commencement of the term or as they may be put in during the term, loss by fire, storm or other casualty and ordinary wear and tear excepted.

5. Assignment and Subletting. Tenant covenants and agrees not to assign this Lease or sublet said Demised Premises or any part of same, or in any other manner transfer the Lease or Tenant's leasehold interest in the Demised Premises, without the written consent of Landlord which shall not be unreasonably withheld. In the event of such subletting or assignment, Tenant nevertheless shall remain liable for all payments to Landlord under, and compliance with, all of the terms and conditions of this Lease. Any consent to a subletting or assignment shall not be deemed a consent to any subsequent subletting or assignment. Tenant shall submit to Landlord in writing the name of the proposed sub-tenant or assignee, and the intended use and terms of occupancy. In the event that Landlord consents to said subletting or assignment, 50% of the amount received by Tenant (other than repayment for trade fixtures and personal property of Tenant) above the amounts payable by Tenant to Landlord hereunder, net of Tenant's leasing costs, shall be deemed real estate profit and shall be paid to Landlord. A sublease or assignment of the Lease to any wholly owned subsidiary of Tenant or to any parent corporation of Tenant or by reason of the merger or consolidation of Tenant with others, all for the same type usage as provided for in this Lease, shall not require the consent of Landlord, but Tenant shall give Landlord at least fifteen (15) days prior written notice of such assignment or subletting.

6. Alterations and Improvements By Landlord. Tenant agrees to accept the Demised Premises "as is" and Landlord shall not be responsible to make any improvements or additions to the Demised Premises, except that Landlord, within a reasonable period of time from the execution of this Lease, shall re-paint the entire Demised Premises solely at its own expense. Tenant shall cooperate as necessary and will move all furniture away from the walls as is necessary for the painting. Landlord shall provide reasonable notice for the Tenant to have sufficient time to move the furniture.

7. Alterations and Improvements by Tenant. Tenant shall be allowed to make the following alterations to the Demised Premises:

1. Tenant will re-stripe the entire parking lot immediately west of the building located at 101 Church Street (the "West Lot") and will submit a plan showing the planned parking lot re-striping to Ted Phillips for approval, which approval shall not be unreasonably withheld. Tenant shall have six spaces in the West Lot reserved for its exclusive use; three spaces will be labeled "ITS Handicap Parking", and three will be labeled "ITS Service Vehicle" with signs installed and maintained by Tenant at its sole expense.

2. Tenant shall be allowed to install as many network drops as are required for the operation of its business. Tenant shall create openings in interior walls only as needed for the

drops. All drops will have cover plates and be located at the same height as existing power outlets.

3. Tenant shall be allowed to install shelves in storage closet as needed and at its own expense.

4. If Tenant desires to install an antenna, satellite dish or other projection on the roof of the Building at Tenant's expense, Tenant shall first submit plans for such installation to Landlord for approval, which approval shall not be unreasonably withheld.

No other alterations, additions or Improvements to the Demised Premises, except such as may be otherwise provided for in this Lease, shall be made without first obtaining Landlord's written consent, and any improvements, additions or alterations requested by the Tenant after such consent shall have been given, shall be installed by and under the sole control and supervision of the Landlord. All requests for alterations, additions, or improvements shall be accompanied by architectural drawings depicting both the existing and proposed layout or depicting the existing and proposed condition of the alteration, addition, or improvement in question. Landlord agrees to give Tenant a contract price for all approved alterations, additions, or improvements and will endeavor to complete all work in a timely and workmanlike manner. Landlord will install new power outlets as requested and bill the Tenant for that expense. Any and all fixtures installed, excepting trade fixtures, shall, at Landlord's option, remain on the Demised Premises as the property of the Landlord, without compensation to Tenant, or, shall be removed therefrom and the Demised Premises restored to its original condition at cost of Tenant at the expiration or sooner termination of this lease. The Tenant shall, at its own cost, repair any damage caused by the removal of trade fixtures restoring the Demised Premises to its original condition.

8. Restrictions on Use. Tenant will not use or permit upon the Demised Premises anything that will invalidate any policies of insurance now or hereafter carried on the Demised Premises or that will increase the rate of insurance on the Demised Premises or on the building of which said Demised Premises are a part. Tenant will not use or permit upon the Demised Premises anything that may be dangerous to life or limb; and Tenant will not in any manner deface or injure the Demised Premises or the building of which said Demised Premises are a part, or overload the floors of said Demised Premises, it being mutually agreed that in no event shall any weight be placed upon said floors exceed seventy-five (75) pounds per square foot of floor space covered. Tenant will not permit any objectionable noise or odor to escape or be emitted from said Premises, or do anything or permit anything to be done upon said Premises in any way tending to create a nuisance, or tending to disturb any other tenant in said building or the occupants of neighboring property, or tending to injure the reputation of the said building. Tenant will comply with all governmental, health and police requirements and regulations respecting said Premises.

9. Indemnity.

(a) To the extent permitted by law (as limited by Alabama Code § 11-47-190 (1975),, Tenant agrees to indemnify, defend, and save Landlord harmless from all claims

(including reasonable costs and expenses of defending against such claims) resulting from damages to property, or from injury to or death of persons: (a) occurring in the Demised Premises during the term of this Lease and any renewal terms, or (b) occurring in or about any other portion of the building of which the Demised Premises are a part during the term of this Lease and any renewal terms, to the extent resulting wholly or in part from the acts or omissions of Tenant or its officers, agents, employees, contractors, subcontractors, customers or invitees; provided, however, that the foregoing indemnity shall not apply to the extent such claims, demands, costs, expenses, damages and liabilities result from the negligent or willful act or omission of Landlord or Landlord's officers, agents, employees, contractors, subcontractors, customers or invitees.

(b) To the extent permitted by law, Landlord agrees to indemnify, defend, and save Tenant, its directors, officers, agents and employees harmless from all claims (including reasonable costs and expenses of defending against such claims) resulting from damages to property, or from injury to or death of persons: (a) occurring in the Demised Premises during the term of this Lease and any renewal terms, or (b) occurring in or about any other portion of the building of which the Demised Premises are a part during the term of this Lease and any renewal terms, to the extent resulting wholly or in part from the acts or omissions of Landlord or its officers, agents, employees, contractors, subcontractors, customers or invitees; provided, however, that the foregoing indemnity shall not apply to the extent such claims, demands, costs, expenses, damages and liabilities result from the negligent or willful act or omission of Tenant or Tenant's officers, agents, employees, contractors, subcontractors, customers or invitees. Landlord shall not be liable for any damage to or loss of Tenant's personal property, inventory, fixtures or improvements from any cause whatsoever, except the negligence of Landlord, its officers, agents, employees, contractors, subcontractors, customers or invitees.

10. Services Landlord agrees to furnish Tenant the following services:

(a) Hot and cold water at those points of supply provided for general use of other tenants in the building.

(b) Central heat and air conditioning at such temperatures and in such amounts as are consistent with comparable office buildings in the immediate area; provided, however, heating and air conditioning service at times other than for "Normal Business Hours" shall be furnished only upon the written request of Tenant delivered to Landlord in accordance with the Building Rules. For purposes hereof, "Normal Business Hours" means the hours of 8:00 AM and 6:00 PM, Monday through Friday of each week, and from 8:00 AM and 1:00 PM Saturday, except holidays recognized by the US Government.

(c) Landlord, at Landlord's expense, shall maintain the structural integrity of the foundations, exterior roof and exterior walls (excluding the interior surface of exterior walls and all, doors and interior plate glass), lighting, electrical, plumbing and HVAC systems of the Building, except that Tenant shall bear the cost of all repairs to the Building (including the Leased Premises and the apparatus contained therein) which become necessary by reason of negligence or misuse by Tenant, its customers, invitees or employees, and cost thereof shall be

paid to Landlord on demand as additional rental.

(d) All electrical current required by Tenant in its use and occupancy of the Demised Premises; provided that Tenant's use of electrical services furnished by Landlord shall not exceed, either in voltage, rated capacity or overall load that which Landlord or Landlord's architect deems to be standard for the Building. If Tenant shall request that it be allowed to consume electrical services in excess of that deemed by Landlord or Landlord's architect to be standard for the Building, Landlord may refuse to consent to usage, or may consent upon such conditions as Landlord elects (including the requirement that submeters be installed at Tenant's expense).

(e) All Building standard fluorescent bulb replacement in the Demised Premises and fluorescent and incandescent bulb replacement in the Common Areas and Service Areas.

(f) Security in the form of limited access to the Building during other than Normal Business Hours shall be provided in such form as Landlord deems appropriate. Landlord, however, shall have no liability to Tenant, its employees, agents, invitees or licensees for losses due to theft or burglary, or for damages done by unauthorized persons on the Demised Premises, and neither shall Landlord be required to insure against any such losses. Tenant shall cooperate fully in Landlord's efforts to maintain security in the Building and shall follow all regulations promulgated by Landlord with respect thereto.

Landlord shall not be liable for damages by abatement of rent, or otherwise, for failure to furnish or delay in furnishing heat, air-conditioning, electric current, water, or any other services when such failure to furnish, or delay in furnishing, is occasioned by needful repairs, renewals or improvements, or in whole or in part by any strike, lockout, or other labor controversy, or by any accident or casualty whatsoever, or by the act or default of the Tenant, or other parties, or by any cause or causes beyond the reasonable control of the Landlord; and such failure, delay, or default in furnishing heat, air-conditioning, electric current, water, or any other service shall not be considered or construed as an actual or constructive eviction of the Tenant, nor shall it in any way operate to release the Tenant from the prompt and punctual payment of rent or the performance of each and all of the other covenants herein contained by the Tenant to be performed. Landlord shall make reasonable efforts to operate the Building in a safe and proper manner, but Landlord shall not be liable to Tenant for damage to person or property caused by defects in the air-conditioning, heating, electric, water or other apparatus or systems; nor for the theft, mysterious disappearance, or loss of any property of Tenant from any part of the Building; nor for any damage to any property in the Building from gas, smoke, water, rain, ice or snow, which may leak into, issue or form from any part of the Building or from the pipes or plumbing work, or from any other place of quarter unless said damage or loss results from the negligence or willful misconduct of Landlord, its agents or employees. Landlord agrees to make reasonable efforts to protect Tenant from interference, disturbance, breach, or nonperformance of any rule or regulation or amendments or additions thereto, by third persons including other tenants.

Notwithstanding the foregoing, in the event that (i) the electrical, heating and air conditioning and plumbing services described in this Section are interrupted due to a cause that is within the reasonable control of Landlord (excluding interruptions caused by the negligence or willful

misconduct of Tenant, its employees or agents), and (ii) Tenant is unable to conduct business in the Leased Premises due to such interruption, and (iii) such failure (a "Basic Services Failure") continues for a period in excess of five (5) consecutive Business Days (defined as any day other than a Saturday, Sunday, or legal holiday), Tenant shall receive a full abatement of Rent due under this Lease Agreement for the Leased Premises (or such portion thereof) until such service is restored. Additionally, in the event a Basic Services failure continues for a period of sixty (60) consecutive days or more, Tenant, at its option, shall be entitled to terminate the Lease Agreement by delivering written notice of termination to the Landlord after such sixty (60) consecutive days, but prior to the date that such Basic Services Failure is cured, in which event the Lease Agreement shall terminate and neither Landlord nor Tenant shall have any further obligation one to the other under this Lease Agreement for matters accruing after the date of such termination.

11. Maintenance by Tenant.

(a) Tenant shall not in any manner deface or injure the Demised Premises or the Building and will pay the cost of repairing any damage or injury done to the Demised Premises or the Building or any part thereof by Tenant or Tenant's employees, agents, contractors or invitees. Tenant agrees that it will keep the Demised Premises and the fixtures therein in clean, safe, sanitary and good order and condition and will, at the expiration or other termination of the Lease term hereof, remove all goods and effects not the property of Landlord and at Tenant's expense shall (a) promptly surrender to the Landlord possession of the Demised Premises (including keys, locks and any fixtures or other improvements which Tenant hereby acknowledges are owned by the Landlord) in good order and repair (ordinary wear and tear and damage due to casualty or condemnation excepted) and broom clean, (b) remove therefrom all signs, goods, effects, machinery, furniture, fixtures computer/telephone cabling and equipment used in conducting the Tenant's trade or business which is not owned by the Landlord, and (c) repair any damage caused by such removal. Maintenance and repair of equipment such as kitchen fixtures, separate air conditioning equipment that is building standard mechanical equipment serving the Premises solely, or any other type of special equipment, whether installed by Tenant or by Landlord on behalf of Tenant, shall be the sole responsibility of Tenant and Landlord shall have no obligation in connection therewith.

(b) Tenant will re-stripe the entire parking lot immediately west of the building located at 101 Church Street (the "West Lot") and will submit a plan showing the planned parking lot re-striping to Ted Phillips for approval, which approval shall not be unreasonably withheld. Tenant shall have six spaces in the West Lot reserved for its exclusive use; three spaces will be labeled "ITS Handicap Parking", and three will be labeled "ITS Service Vehicle" with signs installed and maintained by Tenant at its sole expense.

(c) All injury to the Demised Premises or the Building caused by moving the property of Tenant into, on, or out of, the Building or the Demised Premises and all breakage done by Tenant, or the agents, servants, employees and visitors of Tenant, shall be repaired by Tenant, at the expense of Tenant. In the event that Tenant shall fail to do so, then Landlord shall have the

right to make such necessary repairs, alterations and replacements (structural, nonstructural or otherwise) and any charge or cost so incurred by Landlord shall be paid by Tenant as additional rent, with the monthly installment of rent next becoming due or thereafter falling due under the terms of this Lease. This provision shall be construed as an additional remedy granted to Landlord and not in limitation of any other rights and remedies which Landlord has or may have in said circumstances.

(d) All personal property of Tenant in the Demised Premises or in the Building shall be at the sole risk of Tenant. Landlord shall not be liable for any accident to or damage to the personal property of Tenant resulting from the use or operation of elevators or of the heating, cooling, electrical or plumbing apparatus unless caused by the negligence or willful misconduct of Landlord, its employees, agents or contractors. Landlord shall not, in any event, be liable for damages to the personal property resulting from water, steam or other causes unless caused by the negligence or willful misconduct of Landlord, its employees, agents or contractors. Tenant hereby expressly releases Landlord from any liability incurred or claim by reason of damage to Tenant's personal property, other than any liability incurred or claim by reason of the negligence or willful misconduct of Landlord, its employees, agents or contractors.

12. Default In the event: (a) rent in this Lease or any other payment required hereunder to be paid by Tenant is not paid at the time and place when and where due; (b) the Demised Premises shall be deserted or vacated for a period lasting more than thirty (30) consecutive days; (c) Tenant shall fail to comply with any term, provision, condition, or covenant of this Lease, other than the payment of rent, or any of the Rules and Regulations now or hereafter established for the government of this building, and shall not cure such failure within ten (10) days after written notice to Tenant of such failure to comply; (d) any petition is filed by or against Tenant under any section or chapter of the National Bankruptcy Act as amended, (e) Tenant shall become insolvent or make a transfer in fraud of creditors; (f) Tenant shall make an assignment for benefit of creditors; (g) a receiver is appointed for a substantial part of the assets of Tenant in any of such events, Landlord shall have the option to do any one of the following in addition to and not in limitation of any other remedy permitted by law or by this Lease:

(i) Terminate this Lease, in which event Tenant shall immediately surrender the Demised Premises to Landlord;

(ii) Enter the Demised Premises without being liable to prosecution or any claim for damages therefor, and relet the Demised Premises, and receive the rent therefor, and Tenant shall pay Landlord any deficiency that may arise by reason of such reletting (plus all expenses incurred by such reletting), on demand at the office of the Landlord.

(iii) Landlord may do whatever Tenant is obligated to do by the provisions of this Lease and may enter the Demised Premises without being liable to prosecution or any claim for damages therefor, in order to accomplish this purpose. Tenant agrees to reimburse Landlord immediately upon demand for any expenses which Landlord may incur in thus effecting compliance with this Lease on behalf of Tenant.

(iv) Pursue any and all other remedies available to Landlord at law or in equity.

In the event Landlord employs an attorney on account of the nonpayment of rent or other violation of any of the terms or conditions of this Lease by Tenant, Tenant shall pay all expenses incurred including a reasonable attorney's fee.

13. Accidental Damage or Destruction. Should the Demised Premises in the building occupied by the Tenant be totally destroyed by fire or other cause, or so damaged that rebuilding or repairs cannot be completed within one hundred twenty (120) days from date of fire, or other cause of damage, this Lease shall terminate and the Tenant shall be allowed an abatement of rent from the date such damage or destruction occurred. However, if the damage is such that rebuilding or repairs can be completed within one hundred twenty (120) days, the Landlord covenants and agrees to make such repairs within reasonable promptness and dispatch and to allow Tenant an abatement in the rent for such time as the building is untenantable, and the Tenant covenants and agrees that the terms of this lease shall not otherwise be affected. Landlord will advise the Tenant within thirty (30) calendar days after destruction of its intention to rebuild.

14. Condemnation. If the whole or any part of the Demised Premises shall be taken or condemned by any competent authority for any public or quasipublic use or purpose, so as to render the Demised Premises in the building occupied by the Tenant untenantable, then and in that event, the term of this Lease shall cease and terminate from the date when the possession of the part so taken shall be required for such use or purpose and without apportionment of the award for the property; notwithstanding anything to the contrary in this Lease, if this Lease is canceled by right of eminent domain, Tenant shall not be precluded from receiving moving and relocation expenses from the condemning authority where such reimbursement is allowable by statutes and/or laws and regulations. The current rental, however shall in any such case be apportioned thereafter.

15. Remedies. No act or thing done by Landlord or its agents during the term hereby granted shall be deemed an acceptance of a surrender of the Demised Premises, and no agreement to accept a surrender of the Demised Premises shall be valid unless the same be made in writing and subscribed by Landlord. The mention in this Lease of any particular remedy shall not preclude Landlord from any other remedy Landlord might have, either in law or in equity, nor shall the waiver of or redress for any violation of any covenant or condition in this Lease contained or any of the rules and regulations set forth herein, or hereafter adopted by Landlord, prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation.

16. Surrender, Holdover. If, without execution of a new lease agreement or written extension, lessee shall hold over after the expiration of the term of this lease agreement, lessee shall be deemed to be occupying the demised premises as a tenant from month-to-month, which tenancy may be terminated as provided by law. During such tenancy, lessee agrees to be bound by all of the terms, covenants, and conditions specified in this lease agreement, to the extent applicable. Notwithstanding the foregoing, if Tenant fails to vacate the Demised Premises within 30 days after Landlord delivers to Tenant a written demand to vacate, then, effective as of the expiration of such 30-day period, the rental rate shall increase to an amount equal to 125% of the

rental rate in effect immediately prior to the holdover period.

17. Utility Adjustment. If Landlord's cost for utility service (including electricity, water, sewer and gas) in any calendar year shall exceed $1.80 per rentable square foot for utility service, Tenant shall pay as additional rent for said calendar year, upon demand, an amount equal to Tenant's pro rata share of the cost of utilities in excess of $1.80 per rentable square foot for such year. Tenant's pro rata share shall be a fraction, the numerator of which is the number of rentable square feet of floor area of the Demised Premises and the denominator of which is the total number of rentable square feet serviced of which the Demised Premises are a part. Tenant's current estimated pro rata share is 27.5% (8,118 rentable square feet/29,495 total rentable square feet).

Landlord agrees to keep books and records reflecting electrical costs. Each calendar year Landlord shall deliver to Tenant a statement of the electrical costs for the preceding calendar year and a computation of any decrease or increase in rental in accordance with the provisions of this Lease. The monthly rental payable thereafter shall be increased or decreased as required by this paragraph to reflect changes in electrical costs as shown in such statement. Within thirty (30) days after receipt of such statement, Tenant shall pay any additional rent for the months of the then current calendar year as to which Tenant has already paid in rental which did not reflect said adjustment in rental. If Tenant be entitled to a credit pursuant to the statement, then at Landlord's election the same shall be paid in cash to Tenant or may be reflected in the next installment or installments of rent. If the final lease year is less than twelve (12) months, such rent adjustment shall be prorated.

18. Renewal Option.

(a) Notwithstanding anything herein to the contrary after the final year of this Lease, provided that Tenant is not then in default under this lease, the Tenant will have the option to renew this lease for one (1) additional term of five (5) years each. Tenant shall exercise such renewal options by delivering to Landlord written notice (the "Renewal Notice") at least 120 days prior to the expiration of the initial lease term.

(b) If Tenant shall deliver its Renewal Notice to Landlord, then the parties agree to negotiate in good faith for a period of thirty (30) days following delivery of the same to agree on the amount of the rental rate for the renewal term being exercised, which rate shall be 95% of the then market rental rate for office space of similar kind and quality in the Huntsville, Alabama metropolitan area (the "Rental Rate"). If the parties are unable to so agree during such thirty (30) day period, then within forty-five (45) days following delivery of the Renewal Notice, each of Landlord and Tenant shall select and appoint an Appraiser, and such two Appraisers shall attempt to agree on the amount of the Rental Rate (or, if only one party shall select an Appraiser within such time period, then such one Appraiser shall determine the Rental Rate); the amount determined shall be the Rental Rate for the renewal option set forth in this Section 17(b). If such two appraisers are unable to agree on the Rental Rate within sixty-five (65) days following delivery of the Renewal Notice, then such two appraisers shall immediately select and appoint a third Appraiser; and all three such Appraisers shall determine their opinion of the Rental Rate prior to the expiration of the term of the Lease; and the Rental Rate shall be average of the

closest two of such three opinions of the Rental Rate. Each party shall pay the fees and expenses of the Appraiser selected by it; and the parties shall share equally the fees and expenses of such third Appraiser (if any). As used herein, an "Appraiser" shall mean an individual who is experienced in dealing in and appraising office real property in the market in which the Demised Premises are located and who is a member of the American Institute of Real Estate Appraisers or its successor organization.

19. Removal of Tenant's Property. If Tenant shall fail to remove all personal effects from the Demised Premises upon termination of this Lease for any cause whatsoever, Landlord may at its option remove the same in any manner that Landlord shall choose and store said effects without liability to Tenant for loss thereof, and Tenant agrees to pay Landlord on demand any and all expenses incurred in such removal, including court costs and attorney's fees and storage charges on such effects for any length of time that the same shall be in Landlord's possession, or Landlord may at its option upon five (5) days notice to Tenant sell said effects or any part of the same at a private sale and without legal process for such price as Landlord may obtain and apply the proceeds of such sale upon any amounts due under this Lease from Tenant to Landlord and upon the expense incident to the removal and sale of said effects.

20. Inspections and Repairs. Landlord shall have the right to enter the Demised Premises at all reasonable times for purposes of examining and caring for the same or to make necessary repairs or additions, or to exhibit the Demised Premises except that said entry shall not unreasonably interfere with Tenant's use of the Demised Premises.

Tenant shall, upon the discovery of any defect in or injury to the building or any appurtenance or apparatus connected therewith, or any need of repairs, promptly report the same to Landlord in writing; however, Landlord shall be obligated to remedy such defects or make such repairs to the extent required by this Lease or necessary to protect the health or safety of Tenant, its employees, agents or invitees.

At any time or times Landlord, either voluntarily or pursuant to governmental requirement, may at Landlord's expense make repairs, alterations or improvements in or to the building or any part thereof including the Demised Premises, and during such operations., may close entrances, doors, corridors or other facilities and may have access to and open the ceilings and floors, all without any liability to Tenant by reason of interference, inconvenience or annoyance. All such work shall be done in such a manner as to cause the least possible interference, inconvenience or annoyance to Tenant.

Further Landlord reserves the following right: (a) to have access for Landlord and other tenants of the building to any mail chutes located on the leased premises according to the rules of the United States Post Office; (b) to have passkeys to the Demised Premises; and (c) to approve the weight, size and location of safes, heavy equipment or other items. If additional support is deemed by Landlord to be desirable for such safes or heavy equipment, Tenant shall pay Landlord the cost of adding such support and, at the termination of this Lease, whether at the end of the term or otherwise, the cost of removing such support and restoring the building to its former condition.

21. Quiet Enjoyment. Landlord warrants that said Tenant, paying rents and performing and observing each and every covenant and condition hereof, shall peaceably and quietly hold, occupy and enjoy the Demised Premises during said term.

22. Mortgages. This Lease is subject and subordinate to any and all mortgages which may now affect the real property on which the building(s) is situated and to all renewals, modifications, consolidations replacements or extensions thereof. In addition, from time to time either before or after the execution of this Lease and before the commencement or termination of the term hereof, Landlord may execute one or more mortgages on the building. This Lease is subject and subordinate to any and all such mortgages and to all renewals, modifications, consolidations, replacements or extensions thereof. This clause shall be self-operative and no further instrument of subordination shall be required by any mortgagee. In confirmation of such subordination, Tenant shall execute promptly any certificate that Landlord may request. Tenant hereby constitutes and appoints Landlord its attorney-in-fact to execute any such certificate or certificates for and on behalf of Tenant.

23. Governing Law. Any interpretation of this Lease, or any other determination of the rights or liabilities of the parties hereto, shall be governed by the Laws of the State of Alabama.

24. Rules. That in addition to the several covenants contained in this Lease it is mutually covenanted and agreed that the Rules and Regulations appertaining to the said building and which are annexed hereto as part hereof, marked Exhibit "B", are agreed to in all of their terms, and said Tenant agrees to be bound by the same, as such Rules and Regulations may be amended from time to time and do not materially alter or amend the terms and conditions of this lease agreement. Any failure on the part of the Tenant to comply with said Rules and Regulations shall be deemed a breach of this lease.

25. Miscellaneous. Further, the Landlord and Tenant covenant with each other:

(a) That all rights and remedies of the Landlord under this Lease shall be cumulative, and none shall exclude any other rights and remedies allowed by law.

(b) That the word "Landlord" and "Tenant" wherever used herein shall be construed to mean Landlords and Tenants in all cases where there is more than one Landlord or Tenant, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

(c) It is understood and agreed between the parties hereto that notice from the Landlord mailed or delivered to the Demised Premises shall constitute sufficient notice to the Tenant to comply with terms of this Agreement.

(d) It is further understood and agreed between the parties hereto that any reasonable charges against the Tenant by the Landlord for supplies, services or for work done on the Demised Premises by order of the Tenant or otherwise accruing under this Agreement shall be

considered as rent due and shall be included in any lien for rent due and unpaid.

(e) That all covenants, conditions, agreements, and undertakings in this Lease shall extend to and be binding on the respective heirs, executors, administrators, successors and assigns of the respective parties hereto the same as if they were in every case named.

(f) If there is more than one party Tenant, the covenants of the Tenant shall be the joint and several obligations of each such party, and if the Tenant is a partnership, the covenants of the Tenant shall be the joint and several obligations of the firm.

26. Hazardous Materials. If the Tenant uses or creates hazardous materials or medical waste, the Tenant's method of acquisition, storage, use, and disposal must be completed under the applicable laws as defined by the applicable federal, state and local laws for Madison, Alabama. To the extent permitted by law, the Tenant hereby holds the Landlord harmless from and against losses or claims incurred as a result of Tenant's failure to comply with the laws and requirements concerning hazardous materials or medical waste.

Prior to the purchase, storage, use and disposal of any hazardous material or medical waste, the Tenant must inform in writing the Landlord of its intent to use hazardous materials or medical waste. If the Landlord, at its sole discretion, believes that there is substantial risk associated with the hazardous materials or medical waste, the Landlord will require the Tenant to provide or pledge collateral securing such indemnity obligations. In addition, the Tenant shall remediate any hazardous materials or medical waste contamination caused by the Tenant, its employees or invitees'.

27. Entire Agreement. This Agreement states the entire agreement between the parties and merges in this Agreement all statements, representations and covenants heretofore made, and any other agreements not incorporated herein are void and of no force and effect.

28. Payment of and Indemnification for Leasing Commissions. The parties hereby acknowledge, represent and warrant that the only real estate broker or brokers involved in the negotiation and execution of this Lease is Concourse Group, Inc. (the "Broker") and that no other broker or person is entitled to any leasing commission or compensation as a result of the negotiation or execution of this Lease. Tenant hereby indemnifies and holds Landlord harmless from any and all liability for the breach of any such representation and warranty on its part.

29. Right of First Refusal.

(a) If Tenant has not assigned or subleased any portion of Demised Premises and Landlord obtains a written offer from a prospective tenant to lease any space contiguous to the Demised Premises (the "First Refusal Space"), and Landlord desires to accept such offer, then Landlord shall submit to Tenant in writing all of the material terms and conditions of such proposed offer to lease (hereinafter referred to as the "Offer") and Tenant shall have the right and option to lease the First Refusal Space covered by the Offer upon the same monetary terms and conditions, including any offer of free rent and leasehold improvement allowances, as embodied

in the copy of such Offer submitted to Tenant by Landlord but upon the same terms and conditions as this Lease and for a term expiring as of the date of the expiration of this Lease. In the event the remaining months in the lease term or any extension thereof, are less than the number of months in the term embodied in the Offer, then such free rent and leasehold improvement allowances shall be reduced to the amounts that bear the same ratio to the free rent and leasehold improvement allowances embodied in the Offer as the remaining months in the lease term bears to the number of months of the term embodied in the Offer. If Tenant shall elect to exercise its right to lease the First Refusal Space covered by the Offer, written notice of such election shall be given to Landlord within ten (10) days from the time that Tenant first received a copy of the Offer from Landlord (hereinafter referred to as the "Offer Period"), which notice by Tenant shall specify a date that Tenant shall lease the space covered by the Offer, which date shall be not less than thirty (30) nor more than ninety (90) days after the giving of notice thereof.

(b) Upon the exercise of its right to lease the First Refusal Space covered by the Offer, Landlord and Tenant shall enter into a written agreement modifying and supplementing this Lease and specifying that the First Refusal Space is a part of the Demised Premises and under this Lease and containing other appropriate terms and provisions relating to the addition of such area to this Lease, including, without limitation, increasing, adjusting or augmenting rent as a result of the addition of such space.

(c) If a right to lease pursuant to this Section shall not be exercised within the Offer Period or shall be waived (no notice is deemed to be a waiver of such right), then Landlord shall have the right to offer such space to the prospective tenant, and if such transaction is consummated, Tenant's rights under this Section shall automatically terminate and be of no further force or effect. If a right to lease pursuant to this Section shall not be exercised within the Offer Period or shall be waived (no notice is deemed to be a waiver of such right), and Landlord fails to lease the space covered by the Offer within six (6) months after Landlord's submission of a copy of the Offer to Tenant, then this Section shall be applicable to any subsequent offer to lease the First Refusal Space or any portion thereof.

(d) Notwithstanding the foregoing right of first refusal and any other provision of this Lease to the contrary, such right of first refusal is conditioned upon (i) this Lease being in full force and effect and there being no default under this Lease and no previous default hereunder by Tenant on more than two (2) occasions for which Landlord has provided written notice to Tenant, and (ii) some portion of the First Refusal Space covered by the Offer being adjacent to the Demised Premises. If Tenant fails to exercise the foregoing right of first refusal as provided in and in strict accordance with the terms of this Section, or if conditions (i) and (ii) in this subsection (d) are not entirely satisfied, the foregoing right of first refusal shall automatically terminate and be of no further force or effect, or if exercised, shall be null and void.

(e) Tenant shall not have the right to assign its right of first refusal to any sublessee of the Premises or any portion thereof or to any assignee of this Lease, nor may any such sublessee or assignee exercise or enjoy the benefit of such right of first refusal.

WITNESS OUR HANDS AND SEALS the day and year above written.

In the presence of:

LANDLORD: **CITY OF HUNTSVILLE d/b/a HUNTSVILLE UTILITIES**

BY _____ Theodore B Phillips

ITS CFO

In the presence of:

TENANT:

CITY OF HUNTSVILLE, ALABAMA

By: _____
Tommy Battle, Mayor

Attest: _____
Charles E. Hagood
Clerk-Treasurer

NOTICES:

LANDLORD

TENANT

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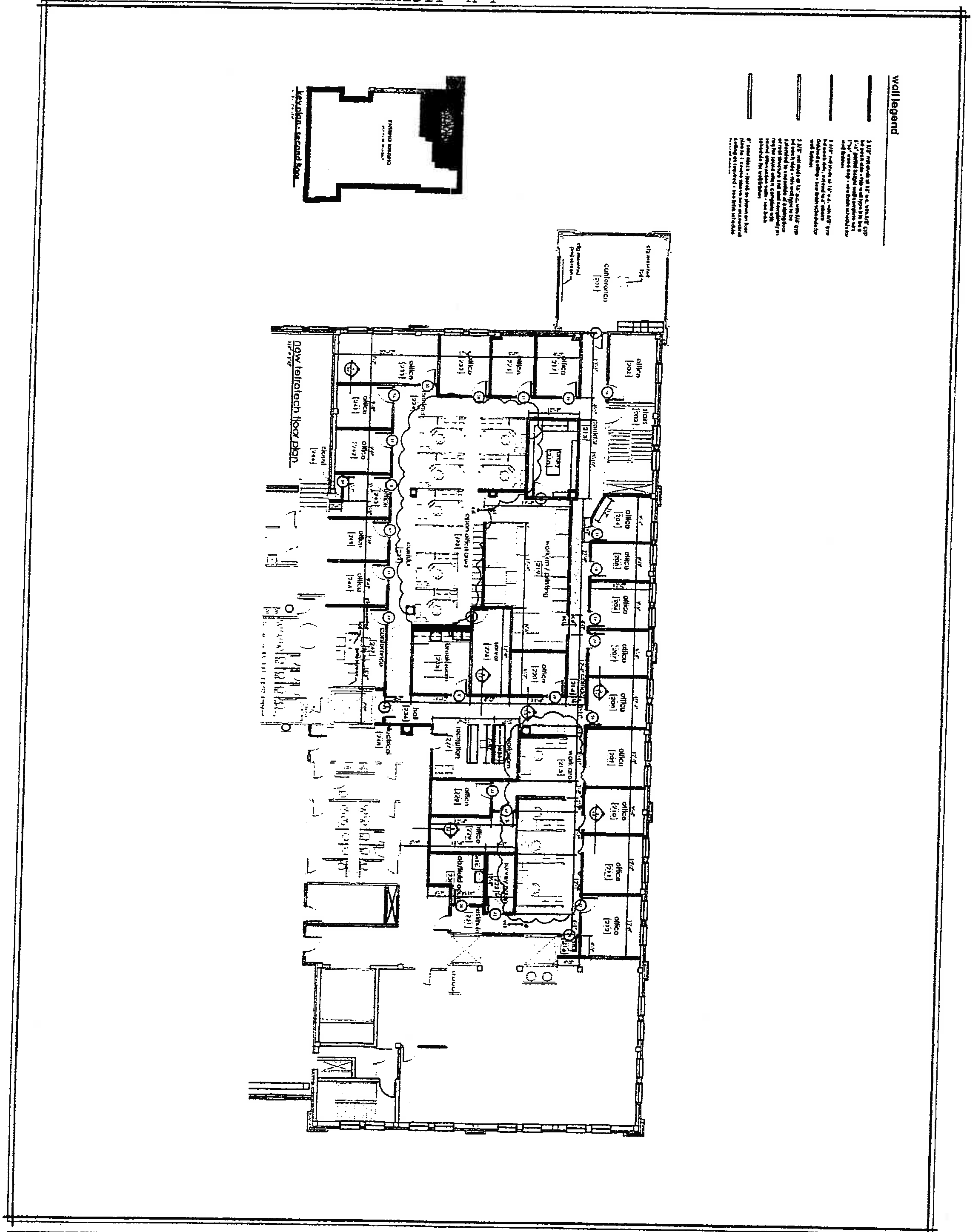
Exhibit "A"

Description of Demised Premises

Suite 201 located on the 2nd floor of the building as reflected on the floor plan of such Demised Premises attached hereto as Exhibit "A-1" and made a part hereof, identified by the signature of Landlord and Tenant. For reference purposes, the Demised Premises consists of approximately 8,205 square feet of Rentable Area (hereinafter defined).

The term "Rentable Area" as used herein, Shall refer to all area measured from the outside surface of the outer glass or brick of the building to the outside surface of the opposite outer glass or brick wall and to the midpoint of the walls separating the Demised Premises from other adjacent tenants or common area. No deduction from Rentable Area is made for columns and projections necessary to the building. The Rentable Area in the Demised Premises has been calculated on the basis of the foregoing definition and is hereby stipulated for all purposes hereof to be 8,205 square feet.

EXHIBIT "A-1"



Osborn Associates

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Tenant Development

Huntsville Utilities Downtown Office

huntsville, alabama

job number	05011
drawn	bap, rlb
date	March 22, 2006
checked	dco

SHEET A1.2 OF 14

Exhibit "B"

BUILDING RULES

1. Tenant shall keep the Demised Premises and all Common Areas utilized by Tenant, its agents, employees, independent contractors, licensees and invitees, clean and shall not allow debris from the Demised Premises to collect in any of the corridors, halls, stairs, ventilators, elevators, lobbies or other areas of the Building. All trash, refuse and debris shall be placed in appropriate containers designated for trash collection by Landlord from time to time. Tenant shall not place in any trash receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. Tenant shall use its best efforts to require its agents, employees, independent contractors, invitees and licensees to deposit all trash, refuse and debris only in appropriate trash receptacles within the Building or Demised Premises and to refrain from littering any portion of the Building or the real property upon which the Building is located (the "Real Property") with trash or other debris.

2. Hallway doors to the Demised Premises opening into Common Areas or public corridors shall have no signs, door hardware, kickplates or other fixtures attached thereto unless approved in writing by Landlord and shall be kept closed at all times except for those limited periods when actually used for entry to and exit from the Demised Premises. No signs (including name plates or signage identifying the Tenant as the tenant of the Demised Premises), banners, flags, placards, pictures, names, advertisements or notices shall be installed or displayed upon the interior or exterior portions of the Building or within those portions of the Demised Premises which are visible from the exterior of the Building or any of the Common Areas without Landlord's prior written approval. Informational signage identifying Tenant's office space and lobby area building directories shall be of a standard and uniform size and of color and style approved by Landlord. Tenant agrees to conform to Landlord's general guidelines relating to signs inside the Building, but Tenant may request Landlord's approval of modifications varying from such guidelines, which approval may be withheld in Landlord's sole but reasonable discretion. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of the Tenant by a person approved by Landlord, which approval shall not be unreasonably withheld. Material visible from outside the Building will not be permitted.

3. Tenant shall not do or permit to be done any act on or about the Demised Premises which will obstruct or interfere with the rights of other tenants of Landlord or, including but not limited to, the using of any musical instruments, making loud noises or singing. No bicycles, reptiles, birds or animals of any kind shall be permitted in the Demised Premises, the Building or on the Real Property.

4. Toilets, sinks, urinals, or other apparatus in the Building shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, or other foreign substance of any kind shall be deposited therein. Any damage resulting from misuse of any toilets, sinks, urinals or other apparatus in the Building shall be repaired and paid for by

the tenant whose employees, subtenants, assignees or any of their servants, employees, agents, visitors, licensees, or invitees may have caused such damage.

5. Landlord will furnish each tenant free of charge up to four keys to each door lock in the premises. Landlord may make a reasonable charge for any additional keys. No tenant shall have any keys made. No tenant shall alter any lock or install a new or additional lock or any bolt on any door of its premises without the prior written consent of Landlord. Tenant shall in each case furnish Landlord with a key for any such lock. In the event Landlord elects to provide a card access entry system for the Building and Demised Premises, Tenant shall be furnished with the standard allotment of such access cards and all additional access cards required by Tenant shall be made available at Tenant's cost. Tenant shall assume full responsibility for protecting the Demised Premises and the contents thereof from theft, robbery, pilferage, vandalism, and other loss, except to the extent caused by the gross negligence or willful and deliberate acts of Landlord. Tenant shall, upon the termination of the Lease, return to Landlord all keys (or access cards) to the Demised Premises and the Building and all offices, washrooms, storage rooms and other locked areas within the Demised Premises. Tenant shall pay to Landlord the cost of replacing any lost keys or access cards or of changing the lock or locks as a result of the loss of such keys or access cards.

6. The designated parking lot, elevators, lobbies, restrooms, courts, vestibules, paths, walkways, sidewalks, entrances, stairways, landings, corridors, and halls of the Demised Premises, the Building and the Real Property (a) shall not be obstructed or used for any purpose other than ingress and egress and (b) are not for the use of the general public. Landlord shall in all cases retain the right to control and prevent access to the Demised Premises, the Building and the Real Property by all persons whose presence, in the judgment of Landlord, shall be prejudicial to the safety, character, reputation and interests of the Building; provided, however, that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the conduct of its business within the Demised Premises (such as clients, customers, office suppliers and equipment vendors, and the like) unless such persons are engaged in illegal activities. Neither Tenant nor any employee or invitee of any tenant shall go upon the roof of the Building without the prior written consent of Landlord. Nothing shall be thrown out of the windows or doors or down the elevators or stairways of the Building.

7. Tenant assumes the risk and responsibility of moving its property in and out of the Building and the Demised Premises. Landlord shall not be responsible for loss or damage of any nature or from whatever cause to any of Tenant's personal property.

8. Supplies, goods and packages of any kind shall be delivered only through designated service areas or through the loading dock areas of the Building. All deliveries (including the moving of Tenant's personal property in and out of the Building and the Demised Premises) shall be made through freight elevators designated by Landlord and only during such hours as designated from time to time by Landlord. No deliveries shall be made through the main lobbies of the Building or which impede or interfere with the use of the Building by other tenants, the operation of the Building or which may in any way damage any of the Common Areas.

9. Landlord may take all reasonable measures it deems necessary for the safety and security of the Building or Real Property, including, without limitation, evacuation for cause, suspected cause, or temporary denial of Building access. There shall be no abatement of Rent and Landlord shall not be responsible for any damages resulting to Tenant from such action. Landlord reserves the right to exclude or expel from the Building any person who, in the Landlord's judgment, is intoxicated, under the influence of alcohol or drugs, commits any act in violation of these Rules and Regulations or constitutes a security risk to the Demised Premises, the Building or the Real Property.

10. Except with the prior written approval of Landlord, Tenant's employees and invitees shall not gather in any of the Common Areas of the Building or Real Property.

11. No cooking shall be permitted within the Building, except that the preparation of coffee, tea, hot chocolate, and similar items for Tenant and its employees and the use of microwave ovens by Tenant or its employees within the Demised Premises shall be permitted provided that electric current for such use shall not exceed that amount which can be provided by a 30 amp circuit. The Demised Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the permitted use of the Demised Premises. Tenant shall not occupy or permit any portion of the Demised Premises to be occupied or used in violation of any applicable governmental law or the restrictions set forth in the Lease, for the manufacture, sale, storage or use of alcohol, narcotics or tobacco or as a medical office, barber or manicure shop or as an employment bureau without the express written consent of Landlord. Intoxicating beverages may be offered to guests of the Tenant only on special occasions and only upon the Landlord's satisfaction that the Landlord shall be insured and held harmless from any liability associated therewith. Tenant shall not engage or pay any employees on the Demised Premises except those actually working for Tenant on the Demised Premises nor advertise for laborers giving an address at the Demised Premises. The Demised Premises shall not be used for lodging or sleeping or gambling or for any improper, objectionable, immoral or illegal purposes, as determined in Landlord's sole discretion.

12. Tenant shall not permit or keep in the Demised Premises any flammable, combustible, or explosive material, chemical or substance other than limited quantities thereof reasonably necessary for the operation or maintenance of office equipment. Tenant shall not allow any smoke, dust, fumes, odors, gases, vapors or heat to be emitted from the Demised Premises. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord. Tenant shall not allow or permit any materials or chemicals to be produced, manufactured, generated, refined, transported, used, stored or disposed on or from the Demised Premises which could or would be deemed hazardous or toxic waste or which would result in the violation of any applicable federal, state or local environmental or other law, statute, ordinance, rule or regulation, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §§6901, et. seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§1801, et. seq.) and the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §§6901, et. seq.). No tenant shall use or keep or permit to be used or kept any foul or noxious gas or substance in the

premises, or permit or suffer the premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, or interfere in any way with other tenants or those having business therein. No tenant shall install or operate any engine or boiler machinery of any kind, nor carry on any mechanical business of any kind within the Building, without the express written consent of the Landlord, which Landlord may withhold in its sole discretion.

13. No vehicle (including bicycles and motorcycles) belonging to Tenant or to Tenant's agents, employees, or invitees shall be parked so as to impede or prevent ready access to any loading dock or any entrance to or exit from the Building, the Real Property or the designated parking lot for the Building. Except as otherwise specifically provided in the Lease Agreement, all parking for the Building is provided on a nonexclusive basis. All vehicles of any nature shall be parked only in areas within the designated parking lot designated by Landlord. No vehicles of any nature shall be parked or left unattended for more than seven (7) consecutive days, unless in the ordinary course of Tenant's business and approved in writing by Landlord. The parking of motor homes, trailers, boats or delivery trucks in the designated parking lot for the Building is prohibited. No bicycles or motorcycles shall be permitted inside the Building or the Demised Premises nor shall bicycles or motorcycles be parked in a manner which would interfere with access to the Building or obstruct sidewalks or walkways on the Real Property. In accordance with federal, state and local law enforcement officials, parking in any designated fire lanes or on any brick sidewalks or in handicapped areas will be enforced by local law enforcement. Landlord shall not be held liable for any resulting citations or actions by any law enforcement official.

14. No vending machine or machines of any kind shall be installed, maintained, or operated upon the Demised Premises or Common Areas without Landlord's prior written consent, which may be given or withheld in Landlord's reasonable discretion. Tenant shall not purchase or contract to be furnished to the Demised Premises spring water, ice, towels, janitorial, security, maintenance or other services without Landlord's prior written consent.

15. Canvassing, soliciting, peddling and distribution of handbills or any other written material in the Building or on the Real Property are prohibited, and each Tenant shall cooperate to prevent the same.

16. Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition, or wall of the Demised Premises which may, in Landlord's opinion, appear unsightly from outside the Building. All drywall and wall partitions abutting the exterior portions of the Building shall be installed in such a manner that said drywall and wall partitions shall abut the exterior wall of the Building and not the glass windows of the Building. No electric or other outlets or switches shall be installed on any of the window walls of the Building or on any of the vertical penetrations of the Building. Tenant shall not mark, drive nails, screw or drill into the partitions, doors, woodwork or plaster or in any way deface the Demised Premises of the Building, or any part thereof, except in accordance with the provisions of the Lease pertaining to alterations and except for usual and customary interior decorating and the installation of furniture, fixtures and telephones and electrical equipment. Landlord reserves the right to direct electricians as to where and how telephone and telegraph wires are to be

introduced to the Demised Premises. Tenant shall not cut or bore holes in the floors, ceilings or walls for wiring. Tenant shall not affix any floor covering to the floor of the Demised Premises in any manner except as approved by Landlord.

17. Tenant shall not install any sun screening, curtains, blinds, shades, screens, or other objects on any window or door of the Demised Premises without Landlord's prior written consent, which may be given or withheld in Landlord's reasonable discretion. All electric ceiling fixtures hung in offices or spaces along the perimeter of the Building must be fluorescent and of a quality, type, design, and bulb color approved by Landlord.

18. Tenant shall (i) not waste electricity, water, or air conditioning and agrees to cooperate fully with Landlord to assure the most effective operation of heating and air conditioning services for the Building, (ii) comply with any governmental energy saving rules, laws or regulations, (iii) refrain from tampering with or changing the setting of any thermostats, temperature control valves, or other controls affecting the heating and air conditioning system for the Building (but excluding any thermostats and temperature controls for Tenant's demised premises), (iv) not permit anything to be done or brought onto the Demised Premises which would impair or interfere with the utility or other services to be provided by Landlord, (v) not utilize any other form or type of heating or cooling source within the Demised Premises other than that provided by Landlord (e.g., space heaters, fans, window air conditioners) and (vi) promptly notify Landlord of any accidents, defects or malfunction in any of the utility services provided to the Demised Premises. All lights and water faucets and all of Tenant's office equipment in the Demised Premises shall be turned off at night when such areas are not in use. For any default or negligence in this regard Tenant shall make good all injuries sustained as a result thereof by other tenants or occupants of the Building or Landlord subject to the limitations set forth in Section 9(a) of this Lease Agreement.

19. Tenant shall not install or attach any radio or television antenna, satellite dish, loudspeaker, or other devices or projections on the roof or exterior walls of the Building or to any part of the Demised Premises which would, in Landlord's opinion, interfere with the communication facilities utilized by other tenants of the Building or be unsightly.

20. Landlord shall have the right to prohibit advertising by Tenant which, in Landlord's discretion, tends to impair the reputation of the Building or its desirability as an office location.

21. Landlord reserves the right to exclude from the Building between the hours of 6:00 p.m. and 7:30 a.m. and at all hours on Saturday, Sunday, and legal holidays all persons who do not present a pass to the Building approved by the Landlord and/or other proper identification. In the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Building during the continuance of the same by such action as Landlord may deem appropriate, including closing doors. Vehicular ingress and egress and the use of all parking areas, including all parking areas adjoining the Building, shall be subject to such restrictions, terms, conditions, rules and regulations, as Landlord shall, from time to time, prescribe. In all events, parking facilities supplied by Landlord for tenants, if any, shall be used for vehicles which can occupy a standard

parking area only, i.e. (8 feet by 18 feet). In addition, the use of any such parking facilities shall be limited to normal business parking and shall not be used for the continuous parking of any vehicle regardless of size, and no vehicle may be parked within the complex for advertising purposes. In the event a card access system is installed for the Building, only authorized employees of Tenant shall be provided with access cards. Tenant shall be solely responsible for the acts and omissions of all persons for whom it requests passes and all persons utilizing access cards provided by Landlord to Tenant. Landlord shall in no case be liable for damages for any error with regard to the admission to or the exclusion from the Building or the Demised Premises of any person, including any malfunction or defect in any card access system for the Building.

22. There shall not be used in any space, or in the public halls of the Building, either by any Tenant or others, any hand trucks. except those equipped with rubber tires and side guards. or such other material handling equipment as Landlord may approve. No other vehicles of any kind shall be brought by any Tenant into the Building or kept in or about its premises.

23. If Tenant requires telegraphic, telephonic, burglar alarm or similar services, Tenant shall first obtain, and comply with, Landlord's instructions regarding their installation.

24. Tenant's use and occupancy of the Demised Premises are subject and subordinate to all applicable governmental laws and regulations.

25. Should Tenant desire to place any unusually heavy equipment, including, but not limited to, large files, safes and electronic data processing equipment on the Demised Premises, it shall first obtain written approval of the Landlord to place such items within the Demised Premises, for the use of elevators within the Building, and for the proposed location for the installation of the same. Landlord shall have the right to prescribe the weight and position of any equipment that may exceed the weight load limits for the Building, and may further require, at Tenant's expense, the reinforcement of any flooring on which such equipment may be placed, and/or to have an engineering study performed to determine such weight and position of equipment, to determine added reinforcement required and/or determine whether or not such equipment can be safely placed within the Building.

26. Tenant shall cooperate fully with the life safety plans for the Building as established and administered by the Landlord, including participation by Tenant and employees of Tenant in exit drills, fire inspections, life safety orientations and other programs relating to fire safety required or directed by Landlord. Each Tenant shall keep and maintain a 10 lb. ABC fire extinguisher for the purpose of dealing with a possible small fire prior to engaging the sprinkler system.

27. A directory of the Building will be provided for the display of the name and location of tenants.

28. Except with the prior written consent of Landlord, no tenant shall sell or permit sale at retail, of newspapers, magazines, periodicals, theatre tickets or any other goods or merchandise to the general public in or on the premises, nor shall any tenant carry on, or permit or allow any employee or other person to carry on the business of stenography, typewriting or any similar

business in or from the premises for the service or accommodation of occupants of any other portion of the Building, nor shall the premises of any tenant be used for manufacturing of any kind, or any business or activity other than that specifically provided for in such tenant's lease. The restrictions included within this paragraph do not apply to telephone sales not involving customers coming to the premises.

29. Each tenant shall store all its trash and garbage within its premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage without being in violation of any law or ordinance governing such disposal. All garbage and refuse disposal shall be made only through entryways and elevators provided for such purposes and at such times as Landlord shall designate.

30. The requirements of the tenants will be attended to only upon application by telephone or in person at the office of the Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

31. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

32. These Rules and Regulations are in addition to, and shall not be construed in any way to modify or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease, or any other lease of premises in the Building.

33. No smoking is permitted within or without the Building or the Property, including the Demised Premises, unless specifically designated as "Smoking Allowed".

34. Landlord reserves the right to rescind, alter or waive any of the provisions of these Rules and Regulations or add thereto when, in its judgment, the same is necessary or desirable for the reputation, safety, care or appearance of the Building, the operation and maintenance of the Building or the comfort of tenants of the Building.