RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A SECOND AMENDMENT TO LEASE AGREEMENT WITH OBC PROPERTIES DELAWARE, LLC FOR THE EXTENSION OF THE CURRENT AGREEMENT TO LEASE SPACE FOR THE FAMILY JUSTICE CENTER FOR AN ADDITIONAL NINE (9) MONTHS AT THE SAME RENT OF EIGHT THOUSAND FIVE HUNDRED SEVENTY-FIVE DOLLARS ($8,575.00) PER MONTH, FOR A TOTAL AMOUNT NOT TO EXCEED SEVENTY-SEVEN THOUSAND ONE HUNDRED SEVENTY-FIVE DOLLARS ($77,175.00).

_____

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That it is hereby authorizing the Mayor to execute a Second Amendment to Lease Agreement with OBC Properties Delaware, LLC for the extension of the current agreement to lease space for the Family Justice Center for an additional nine (9) months at the same rent of $8,575.00 per month, for a total amount not to exceed $77,175.00.

ADOPTED: _____, 2016

/mem

City of Chattanooga

Resolution/Ordinance Request Form

Date Prepared: January 29, 2016

Preparer: CARY BOHANNON **Department:** GENERAL SERVICES

Brief Description of Purpose for Resolution/Ordinance: **Res./Ord. #** _____ **Council District #** 6

A RESOLUTION REQUEST AUTHORIZING THE CITY OF CHATTANOOGA TO ENTER INTO A SECOND AMENDMENT TO LEASE AGREEMENT WITH OBC PROPERTIES DELAWARE, LLC FOR THE EXTENSION OF THE CURRENT AGREEMENT TO LEASE SPACE FOR THE FAMILY JUSTICE CENTER FOR AN ADDITIONAL NINE (9) MONTHS AT THE SAME RENT OF EIGHT THOUSAND FIVE HUNDRED SEVENTY FIVE DOLLARS ($8,575.00) PER MONTH, FOR A TOTAL AMOUNT NOT TO EXCEED SEVENTY SEVEN THOUSAND ONE HUNDRED SEVENTY FIVE DOLLARS ($77,175.00) .

Name of Vendor/Contractor/Grant, etc.	OBC Properties Delaware, LLC	New Contract/Project? (Yes or No)	No
Total project cost	$ $77,175.00	Funds Budgeted? (YES or NO)	Yes
Total City of Chattanooga Portion	$ $77,175.00	Provide Fund	1100
City Amount Funded	$ $77,175.00	Provide Cost Center	H00805
New City Funding Required	$	Proposed Funding Source if not budgeted	
City's Match Percentage	%	Grant Period (if applicable)	

List all other funding sources and amount for each contributor.

Amount(s)	Grantor(s)
$	
$	
$	

Agency Grant Number

CFDA Number if known

Other comments: (Include contingency amount, contractor, and other information useful in preparing resolution)

Original Lease Approved by Council Resolution 28115 and executed 02-27-15; First Amendment entered on 04-20-15.

Approved by: _____

Reviewed by: FINANCE OFFICE DESIGNATED OFFICIAL/ADMINISTRATOR

Please submit completed form to @budget, City Attorney and City Finance Officer

SECOND AMENDMENT TO LEASE AGREEMENT

OBC PROPERTIES DELAWARE, LLC. – LANDLORD

CHATTANOOGA, TENNESSEE

THIS SECOND AMENDMENT TO LEASE made as of this _____ day of _____, 2016 by and between OBC PROPERTIES DELAWARE, LLC., formerly known as OSBORNE BUILDING CORPORATION, (hereinafter referred to as "Landlord"), and CITY OF CHATTANOOGA , (hereinafter referred to as "Tenant").

WHEREAS, Landlord and Tenant entered into a Lease Agreement dated February 27, 2015, (the "Lease") under the provisions of which Tenant rented from Landlord 7350 square feet of office space in Suite A, 6400 Building (the "Building"), Chattanooga, Tennessee (such space being referred to therein as "Premises"), for a term of one (1) year commencing on March 1, 2015 and ending on February 28, 2016; and

WHEREAS, Landlord and Tenant entered into that certain First Amendment to Lease dated April 20, 2015, which amended Section 10B of the Lease to allow for certain alterations by Tenant as more specifically set forth therein; and

WHEREAS, Landlord and Tenant now by a Second Amendment to Lease desire to extend the term of the Lease for a term of nine (9) months, commencing March 1, 2016 and terminating on November 30, 2016, at the current rental rate set forth in the Lease..

NOW, THEREFORE, in consideration of the premises herein contained, and other good and valuable consideration, the receipt and legal sufficiency of all of which hereby are acknowledged, Landlord and Tenant agree as follows:

Paragraph 1 of the Lease is hereby deleted in its entirety and the following substituted in lieu thereof:

1. Lease Term. The term of the Lease is extended for a period of (9) months commencing **March 1, 2016** and terminating on **November 30, 2016** (Second Extended Term), or on such earlier date upon which the Lease Term shall expire or be canceled or terminated pursuant to any of the conditions or covenants of the Lease or pursuant to law.

2. Except as specifically set forth hereinabove, all terms and conditions of the Lease remain unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Amendment to be executed the day and date first above written.

LANDLORD:

OBC PROPERTIES DELAWARE, LLC.

Witnessed By:_____

By:_____
James K. White III
President

TENANT:

CITY OF CHATTANOOGA

Witnessed By:_____

By:_____

Title:_____

LEASE AGREEMENT

BETWEEN

OSBORNE BUILDING CORPORATION, LANDLORD

AND

CITY OF CHATTANOOGA, TENANT

FOR

6400 BUILDING, SUITE A

5741 CORNELISON ROAD

CHATTANOOGA, TN 37411

DATE: February 27, 2015

LEASE AGREEMENT

THIS LEASE made as of this 27th day of February, 2015, by and between **OSBORNE BUILDING CORPORATION**, a Tennessee corporation (hereinafter referred to as "Landlord"), and **CITY OF CHATTANOOGA**, (hereinafter referred to as "Tenant").

W I T N E S S E T H:

Subject to all the terms, provisions and conditions herein contained, Landlord hereby rents to Tenant and Tenant hereby rents from Landlord office space in the **6400 Building ("Building"), being Suite A, 5741 Cornelison Rd., Chattanooga, Tennessee, 37411** (with no easement for light or air being included in the Premises, as hereinafter defined) as outlined in red on the floor plan attached hereto as **Exhibit "A"** and made a part hereof (such space being hereinafter referred to as "Premises").

The following stipulations are hereby declared to be conditions of this Lease, and shall, unless otherwise expressly stated, be applicable at all times throughout the term of this Lease and any extensions thereof, and are mutually agreed upon:

1. Lease Term.

(a) The term of this Lease (herein called the "Lease Term") shall commence on **March 1, 2015** (herein called the "Commencement Date") and shall end on **February 28, 2016** (herein called the "Expiration Date"), or on such earlier date upon which the Lease Term shall expire or be canceled or terminated pursuant to any of the conditions or covenants of this Lease or pursuant to law.

(b) For the purposes of this Lease, the term "Lease Year" means any twelve month period of the Lease Term that commences on the Commencement Date or any anniversary thereof.

2. Rent.

(a) During the Lease Term, Tenant agrees to pay to Landlord an annual rental for each Lease Year in the dollar amount set forth below, subject to periodic adjustment, as provided hereinafter, for increases in Annual Operating Cost, as hereinafter defined (the amount of said annual rental being hereinafter called "Annual Base Rental"):

Location of Space	Number of Square Feet	Rental Rate per Square Feet	Annual Base Rental
Suite A	7,350	$14.00	$102,900

The Annual Base Rental of **$102,900** shall be payable in advance, without demand, deduction or offset in equal monthly installments of **$8,575.00** which are due in advance on the first day of each calendar month during the Lease Term. Such payments shall be made to Landlord at its principal offices as set forth in the Notice section hereof, or to such other place or places as

Landlord may from time to time designate in writing to Tenant. If the Lease Term shall begin or terminate on any day except the first day of the month, a pro-rated monthly rental, based upon a thirty (30) day month, shall be paid for that portion of the month that falls within the Lease Term.

As to both the Premises and the Building, the respective measurements of floor area as computed in accordance with the American National Standard Z65.1 – 1996 Method for Measuring Floor Space in Office Buildings, approved July, 1996, as may from time to time be subject to lease by Tenant and all tenants of the Building, respectively, as determined by Landlord measuring floor area on a consistent basis throughout the Building. Tenant's Premises contains approximately 7,350 square feet of Rentable Area and approximately 7,350 square feet of Usable Area.

(b) The Annual Base Rental, as the same may hereafter be adjusted, shall be payable promptly when due without notice or demand therefor and without any abatement, deduction or set-off for any reason whatsoever, except as may be expressly provided in this Lease.

3. Work to be Done by Landlord and Occupancy. **NONE.**

4. Operating Cost Adjustment. The Annual Base Rental shall be subject to periodic adjustment at successive annual intervals for increases in Annual Operating Cost in accordance with the following provisions:

(a) "Base Operating Cost" shall mean the Annual Operating Cost for the Calendar Year **2014**.

(b) The "Adjusted Rental Period" shall mean each successive twelve (12) month period following **December 31, 2014**.

(c) "Annual Operating Cost" shall mean any and all costs and expenses paid, incurred or charged by Landlord during an Adjusted Rental Period in connection with the operating, servicing and maintenance of the Building, its equipment and the adjacent walks, landscaped areas and the land upon which the same are located, during a calendar year commencing January 1 and ending December 31 (or if the Building is in operation less than a full calendar year, then annualized to a full calendar year) and shall include but shall not be limited to:

(i) The amount of real estate taxes, personal property taxes, assessments, state and local taxes or any other governmental tax assessed against the Building and all improvements now or hereafter located against the Building and all improvements now or hereafter located thereon, including the adjacent walks and landscaped areas and the land upon which the Building and walks and landscaped areas are located, offset by any tax refund received by Landlord with respect to the Building during an Adjusted Rental Period. If the tax year for real estate taxes shall be changed, then an appropriate adjustment shall be made in computation of the Annual Operating Cost in accordance with sound accounting principles to

effectuate the changeover to any new tax year adopted by the taxing authorities.

(ii) The reasonable expenses incurred by Landlord in contesting the validity or the amount of the assessed valuation or of any taxes for any year with respect to the Building.

(iii) Insurance premiums paid by Landlord with respect to the Building, including fire or other casualty insurance, rent loss insurance, plate glass insurance and public liability insurance on the Building.

(iv) The wages paid to all personnel of Landlord and amounts paid to its independent contractors for personnel whose duties are connected with the day to day or periodic operation, maintenance, repair or security of the Building, which shall include related employment taxes and fringe benefits or related expenses imposed on Landlord or its independent contractors pursuant to law.

(v) A management fee of 5% of the gross monthly rental from the Building and shall represent payment for the handling of the renting and operation of the Building, the hiring and firing of on-site personnel, and the arranging for the collection of and accounting for rent, the paying of bills, bookkeeping services, the purchase of goods and supplies, the contracting for maintenance, repairs, and insurance. To provide such management service, Landlord may enter into a contract with such persons, firms or corporations as it may in its discretion determine.

(vi) The cost of electricity consumed by lighting fixtures and normal power appliances in all tenant spaces and equipment for lighting the Building and operation of the Building equipment, services and facilities.

(vii) The cost of heating consumed in the operation of the Building.

(viii) The cost of cooling consumed in the operation of the Building.

(ix) The water and sewer costs incurred in the operation of the Building.

(x) The amount expended for maintenance and operation of all elevators and heating and air conditioning equipment in the Building.

(xi) The amount expended for maintenance and operation of all security systems of the Building.

(xii) The cost of purchasing or renting all materials including supplies, tools and equipment used in the maintenance, operation or repair of the Building, including all sales and excise taxes applicable thereto, and the cost of periodic maintenance and restoration of Building common areas, elevators, heating, air conditioning, electrical, plumbing and other utility and equipment systems and Building surfaces, including paint, floor and wall coverings, and nonstructural costs incurred by reason of changes in any regulations, rules, requirements, laws, codes, directives or similar pronouncements of any governmental authority with respect to the Building.

(xiii) The cost of cleaning and janitorial services for the Building including all tenant space if paid by Landlord.

(d) Notwithstanding the foregoing, the Annual Operating Cost shall not include (i) income or franchise taxes or any other taxes imposed upon or measured by Landlord's income or profits (except rent tax as defined in Section 5 hereof), (ii) compensation or other financial benefits (other than the management fee) paid to Landlord's partners or, in the event Landlord becomes a corporation, to Landlord's officers, directors, or stockholders; (iii) costs and expenses, of whatever nature, payable by Landlord which under generally accepted accounting practices would be classified as capital expenses; (iv) the cost of any work or service performed in any instance for any tenant (including the Tenant) at the cost of such tenant; and (v) any expense for which Landlord is reimbursed by Landlord's general contractor based on contractor warranties.

(e) If the Annual Operating Cost for any Adjusted Rental Period shall be higher than the Base Operating Cost, Tenant shall pay to Landlord, as additional rent for such Adjusted Rental Period, an amount equal to **43.76%** of such increase, which percentage represents the percentage of the rentable square feet in the Building which is occupied by Tenant pursuant to this Lease. (Landlord reserves the right to adjust this percentage from time to time to reflect the actual percentage of the rentable square feet in the building that is occupied by Tenant pursuant to this Lease.) As soon as practical after January 1st following an Adjusted Rental Period, Landlord shall furnish to Tenant a statement ("Operating Cost Statement") made in accordance with generally accepted accounting principles showing the Annual Operating Cost for the preceding Adjusted Rental Period, and the additional rent, if any, due from Tenant after deducting the estimated Annual Operating Cost rental payments, if any, received by Landlord from Tenant. In the event additional rent is due, Tenant shall pay to Landlord such additional rent within fifteen (15) days following the receipt by Tenant of the Operating Cost Statement hereinabove referred to. Based on Landlord's estimate of Annual Operating Cost for the immediately preceding Adjusted Rental Period, delivered to Tenant prior to the commencement of an Adjusted Rental Period, Tenant shall also pay to Landlord as estimated additional rental, in equal monthly installments during the then current Adjusted Rental Period, at the times the Annual Base Rental is payable, an amount equal to the amount of the additional rental payable under this Section 4 of the preceding Adjusted Rental Period divided by twelve (12), with such payments to be adjusted when the Operating Cost Statement is delivered to Tenant. If the estimated additional rental paid by Tenant for any Adjusted Rental Period exceeds the amount of

additional rental payable by Tenant for any Adjusted Rental Period, the amount of monthly rental payments payable by Tenant pursuant to Section 2 for the next succeeding Adjusted Rental Period shall be adjusted according to the amount of additional rental paid under this Section 4 for the preceding Adjusted Rental Period, and any refund to which Tenant may be entitled will be credited against future rents on a monthly basis, or, in the event such refund shall be due for the last year of occupancy by Tenant, paid in cash at the time said statement is delivered. If the Expiration Date occurs on any day other than December 31st, any payment due to Landlord or to Tenant by reason of any increase or decrease in the Annual Operating Cost shall be prorated. Anything herein to the contrary notwithstanding, the amount of annual rental paid by Tenant shall not be less than the amount specified in Section 2 hereof as Annual Base Rental. Any credit to Tenant that cannot be applied as a result of the immediately preceding sentence will be credited toward excess rental payments owing in subsequent Adjusted Rental Periods.

5. Rent Tax. In the event that any Federal, State or local law is passed during the Lease Term, or any extension or renewal thereof, requiring the payment of a tax or assessment based on the amount of rent to be paid by Tenant under this Lease, or in any other manner subjecting the rent provided in this Lease to any other form of tax by whatever name it may be designated, such tax shall be the obligation of and shall be in addition to the rent to be paid by Tenant as specified in this Lease.

6. Quiet Enjoyment. Tenant, upon paying rent and observing and performing all the terms, covenants and conditions on Tenant's part to be observed and performed, shall peaceably and quietly have, hold and enjoy the Premises for the Lease Term and any extensions or renewals thereof.

7. Services.

(a) Provided Tenant is not in default hereunder, Landlord agrees to furnish to the Premises during reasonable weekday hours of generally recognized business days, subject to the conditions and in accordance with the standards set forth in the Rules and Regulations attached hereto, as may be amended in writing by Landlord from time to time during the term of this Lease and delivered to Tenant, reasonable quantities of electric current for normal lighting and fractional horsepower office machines, water for lavatory and drinking purposes, heat and air-conditioning required in Landlord's judgment for the comfortable use and occupation of the Premises, and elevator service by non-attended automatic elevators. If Tenant requires or utilizes more water or electrical power than is considered reasonable or normal by Landlord, Landlord may, at its option, require Tenant to pay, as Additional Rent, the cost, as fairly determined by Landlord, incurred by such extraordinary usage. In addition, Landlord may install separate meter(s) for the Premises, at Tenant's sole expense, and Tenant thereafter shall pay all charges of the utility providing service. Tenant shall cooperate with any present or future government, and with any conservation practices established by Landlord. If there is any failure, stoppage or interruption thereof, Landlord shall use reasonable diligence to resume services promptly. Landlord shall at all times have free access to all mechanical installations of the Building, including but not limited to air conditioning equipment and vents, fans, ventilating and machine rooms and electrical closets.

(b) Landlord reserves the right to interrupt or suspend any such services when necessary, either because of accident or emergency or because of the necessity for repairs, alterations, replacements of improvements. Landlord shall not be liable for any damages or injuries to Tenant or others nor shall there be an abatement of rent arising from the failure by Landlord to furnish such services or from the interruption or suspension of such services and no such failure to furnish such services shall be deemed an actual or constructive eviction of Tenant. Landlord shall, to the extent possible, give Tenant reasonable notice of any interruption or suspension of such services and Landlord shall use reasonable diligence to restore such services as soon as possible in the event of such failure, interruption or suspension.

8. Use of Premises. Tenant may use the Premises only for use as a **Family Justice Center** and for no other purpose. The Hamilton County Chattanooga Family Justice Center is a new public safety initiative designed to bring together under one roof a wide array of professionals guided by best practices to provide community residents experiencing intimate partner violence, family violence, elder abuse, or human trafficking support and accessibility to services and resources in one location. Tenant shall not create nor allow any nuisance to exist, nor shall Tenant permit any excessive noise or odor to emanate from the Premises. Tenant shall not use the Premises in any manner which causes or is likely to cause injury to the Building or any equipment, facilities of systems therein or which impairs the character, reputation or appearance of the Building as a first class office building or which impairs the maintenance, operation and repair of the Building or its equipment, facilities or systems.

9. Compliance With Laws. In the use and occupancy of the Premises, Tenant shall comply with all laws and ordinances and all valid rules and regulations of the United States, the State of Tennessee, the County of Hamilton, the City of Chattanooga, and any other applicable government or agency having authority.

Tenant shall not install, use or operate or permit to be installed, used or operated within the Premises or use or operate elsewhere in or about the building, any hazardous substance or material or any substance or material which fails to comply with any and all applicable federal, state or local laws and regulations as now or hereafter in effect. The terms "hazardous substance" or "hazardous material" include without limitation asbestos, fluids containing polychlorinated biphenyls, pesticides or other toxic substances or materials. Tenant shall permit Landlord and Landlord's agents and environmental consultants and engineers access to the Premises for the purpose of environmental inspections during regular business hours or during other hours either by agreement of the parties or in the event of an environmental emergency. Tenant promptly will furnish Landlord with any notice that Tenant receives from any governmental authority that Tenant or the Premises are or may be in violation of applicable federal, state or local laws or regulations. To the extent provided by the Tennessee Governmental Tort Liability Act, Tenant shall indemnify, defend and hold harmless Landlord from and against all claims, liabilities, losses, damages and costs, foreseen and unforeseen, including without limitation, counsel, engineering and other professional or expert fees which Landlord may incur by reason of tenant's action or non-action with regard to tenant's obligations under this Section. This Section 9 shall survive the expiration or earlier termination of this Lease. Tenant's failure to abide by the terms of this paragraph shall be restrainable by injunction.

10. Repairs and Alterations by Tenant. (a) Subject to the provisions herein, Tenant shall, at its expense and under Landlord's supervision, keep the Premises, including without limitation the improvements, fixtures, and machinery and any equipment installed therein by Landlord or Tenant, in good order and repair. In the event that damage or disrepair to the Premises occurs, Tenant shall give immediate notice thereof to Landlord, and Tenant shall, at its own expense and under Landlord's supervision, promptly repair or have repaired any damage or injury to the Premises, including without limitation the improvements, fixtures, machinery and any equipment installed therein by Landlord or Tenant, whether caused by the misuse or neglect thereof by Tenant, or by persons permitted on the Premises by Tenant, or by Tenant moving in and out of the Premises or otherwise. If, because of the nature of Tenant's use or occupancy of the Premises, or because of any governmental regulation now in effect or hereafter in effect, any addition, alteration, change repair or other work of any nature to the Premises (other than alterations, changes, repairs or work to the foundation, exterior walls, interior load bearing and/or sheer walls and/or columns and roof) shall be required or ordered or become necessary at any time during the Lease Term, Tenant shall promptly perform same under the direction of Landlord, but the entire expense thereof, irrespective of when the same shall be incurred or become due, shall be solely the liability of Tenant, and Landlord shall not be called upon to contribute thereto.

(b) Tenant shall make no material alterations, decorations, installations, additions, or improvements in or to the Premises or the equipment therein, without Landlord's prior written consent. In the event that Landlord does give its consent to any nonstructural alterations, decorations, installations, additional or improvements (herein called "Nonstructural Alterations") proposed to be made by Tenant, such Nonstructural Alterations and the materials and furnishings used therein must be in compliance with all applicable laws, ordinances, regulations and building codes. Additionally, such Nonstructural Alterations shall not interfere with Landlord's ability to furnish services to other tenants, provided, however, that if any such Nonstructural Alterations do interfere with or affect Landlord's ability to provide the services in the Premises described in Section 7 hereof, Landlord shall be relieved from such obligation to the extent of such interference. All such work shall be done at such times and in such manner as Landlord may from time to time approve and shall be done in full compliance with all laws, rules, regulations, and requirements of all governmental bureaus and bodies having jurisdiction thereover. All Nonstructural Alterations (other than communications equipment, quotation devices or equipment leased by Tenant) shall, at the election of the Landlord, become the property of Landlord and shall remain upon and be surrendered with the Premises as a part thereof at the end of the Lease Term, or the prior expiration of this Lease, as the case may be. In the event the Landlord shall elect otherwise, then such of the Nonstructural Alterations as the Landlord may select (as well as any communications equipment, quotation devices or equipment leased by Tenant) shall be removed by the Tenant upon the giving of written notice by Landlord at least thirty (30) days prior to the end of the Lease Term or the prior expiration of this Lease, as the case may be, and Tenant shall restore the Premises to its original conditions (except with respect to normal wear and tear and with respect to those items which Landlord has elected to retain in the Premises) at Tenant's own cost and expense at or prior to the expiration of the Lease Term. Landlord shall not be liable for any damages caused by any failure of any Building facilities or services, including but not limited to the air conditioning and ventilating equipment installed by Landlord, which failure is caused by alterations, installations, and/or additions by Tenant. Tenant shall be obligated to promptly correct any such faulty installation, and upon Tenant's failure to

correct same, Landlord may make such correction and charge Tenant for the cost thereof. Such sum due Landlord shall be deemed additional rent and shall be paid by Tenant promptly upon being billed therefor. Tenant shall keep full and accurate records of the cost of any Nonstructural Alterations in and to the Premises made by Tenant and shall, if requested by Landlord, make the same available to Landlord for use in connection with any proceedings to review the assessed valuation of the Building or any proceedings to acquire the Building for public or quasi-public use.

(c) Tenant shall have the right, on or before the termination of this Lease, to remove any personal property or trade fixtures that were purchased by Tenant and are susceptible to being removed, provided,

(i) Tenant is not in default under any provisions of this Lease; and

(ii) Tenant satisfies Landlord in advance that the Building and Premises will be repaired at Tenant's expense immediately after such removal, said repairs to be completed no later than the last day of the Lease Term.

This right of removal shall not include the right to remove any plumbing, wiring, floor covering fastened to the floor, wall covering, paneling, built-in's or similar items and shall not include any furnishings or fixtures that were supplied or paid for by Landlord.

(d) No later than the last day of the Lease Term, Tenant shall remove all of Tenant's personal property and repair all injury done by or in connection with the installation or removal of Tenant's personal property and/or trade fixtures in accordance with the provisions of Section 10(d) above. All personal property of Tenant remaining on the Premises after the expiration of the Lease Term shall be deemed conclusively abandoned and may be removed by Landlord, and Tenant shall reimburse Landlord for the cost of removing the same.

(e) In conducting any work of any nature in, on, to or about the Premises, Tenant shall use only contractors or workmen approved by Landlord (which approval shall not be unreasonably withheld), and Tenant shall promptly pay and discharge any and all liens or other charges arising out of or in connection with the performance of any act required of or permitted Tenant hereunder, and Tenant shall keep the Premises free and clear from any and all such liens or charges and any liens and charges shall exist only against the leasehold estate of Tenant and not against the fee.

(f) In the performance of any acts required of or permitted Tenant hereunder, Tenant shall obey and comply with all lawful requirements, rules, regulations and ordinances of all legally constituted authorities existing at any time during the continuance of such performance which in any way affects the Premises by Tenant. Such compliance shall include compliance by Tenant with the requirements of the Occupational Safety and Health Act and all amendments thereto, as the same applies to Tenant's use of the Premises.

11. (a) Structural Repairs by Landlord. Subject to the provisions of Sections 16 and 18, Landlord shall make necessary repairs to the foundation, exterior walls, interior load bearing and/or sheer walls, columns, roof, structural parts, common areas, elevators, heating, air conditioning, electrical, plumbing and other utility systems of the Building (exclusive of any such systems installed for the sole and exclusive benefit of Tenant), and with the Premises to fixtures appertaining to utility systems, provided such interior repairs are not caused by Tenant's negligence. Landlord shall have the right, but not the duty, to enter the Premises during any reasonable hours, in order to examine the Premises, or to make such repairs, at its expense, as Landlord may deem necessary for the safety of, comfortable habitation in, or preservation of, the Premises or of the Building. To the extent possible, Landlord agrees to make all repairs in such a manner as to avoid disruption of the business operations of Tenant.

12. Allowance and Liability for Alterations. Except as provided in this Lease to the contrary, there shall be no allowance to Tenant for a diminution of rental value and no liability of Landlord to Tenant by reason of inconvenience, annoyance or injury to business arising from Landlord, Tenant or others making any repairs, alterations, additions or improvements in or to any portion of the Premises or of the Building or in or to fixtures or other appurtenances thereof, or machines or equipment located therein unless such diminution or liability is caused by Landlord's or other tenants' gross negligence.

13. Liability, Indemnification and Insurance.

(a) To the extent permitted by the Tennessee Governmental Tort Liability Act ("TGTLA"), T.C.A. § 29-20-101, *et seq.*, Tenant does hereby agree to indemnify and save Landlord harmless from and against any and all liability for any injury to or death of any person or persons or loss or damage to property in any way arising out of or connected with the condition, use, or occupancy of the Premises, or in any way arising out of the activities of Tenant, its agents and employees in the Building and from all costs, expenses and liabilities, including but not limited to reasonable attorney's fees, incurred by Landlord in connection therewith excepting, however, liability caused by Landlord's gross negligence or willful misconduct.

(b) The parties acknowledge that Lessee is self insured in accordance with the TGTLA, which establishes the limits of liability for governmental entities in the State of Tennessee and will, therefore, not be required to maintain general liability insurance. A copy of the Lessee's Certificate of Self Insurance is attached hereto as **Exhibit "B."**

(c) Landlord shall insure the Building against damage by fire and other perils insurable at normal rates, in any amount Landlord, in its sole discretion, shall deem adequate, but which will provide Landlord with coverage for the full replacement cost of Tenant's improvements, and Landlord shall maintain such insurance throughout the Lease Term. Tenant shall insure all of its property in the Premises against damage by fire, including extended coverage, in such amount as shall be determined by Landlord in consultation with Tenant, and Tenant shall maintain such insurance throughout the Lease Term.

14. Performance by Tenant; Late Charges.

In the event Tenant fails to pay any installment of Base Rent when due, or any payment of Additional Rent, said delinquent installment or payment shall bear interest at the rate of the lesser of twelve percent (12%) per annum or the maximum non-usurious interest rate permissible by law from the date such payment was due until paid. Tenant covenants to pay any such sums, and Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of non-payment thereof by Tenant as are set forth in Paragraph 17 hereof.

15. Rules and Regulations.

(a) Tenant, Tenant's agents, employees, invitees and visitors shall observe and comply with the rules and regulations attached hereto and made a part hereof as **Exhibit "C"**, and such further reasonable rules and regulations as Landlord may prescribe on written notice to Tenant, for the safety, care and cleanliness of the Building, and the comfort, quietness and convenience of other occupants of the Building. Such rules and regulations may be changed or amended by Landlord in its sole judgment at any time and from time to time. Such rules and regulations shall not amend or modify the terms and conditions of this Lease, and any conflict between such rules and regulations and the provisions of this Lease shall be controlled by the provisions of this Lease.

(b) Landlord shall incur no liability, and Tenant shall not be relieved of any obligation under this Lease because of any interference or disturbance of Tenant's use and occupancy of the Premises, or breach of or non-compliance with any rule or regulation, or amendment or addition thereto, by third persons, including other tenants of the Building. Landlord, however, will make reasonable efforts to protect Tenant from said interference, disturbance, breach, or non-compliance.

16. Destruction of Premises.

(a) If during the Lease Term, the Building is damaged by fire or any other cause, the following provisions shall apply:

(i) If the damage is to such extent that the cost of restoration, as estimated by Landlord, will equal or exceed 30% of the replacement value of the Building (exclusive of foundations) in its condition just prior to the occurrence of the damage, Landlord may, no later than ninety (90) days following the damage, give Tenant a notice stating that it elects to terminate this Lease. If such notice shall be given: (A) this Lease shall terminate on the third day after the giving of said notice; (B) Tenant shall surrender possession of the Premises within a reasonable time thereafter and (C) the rent and additional rent shall be apportioned as of the date of such surrender and any rent paid for any period beyond said date shall be repaid to Tenant.

(ii) If the cost of restoration, as estimated by Landlord, shall amount to less than 30% of said replacement value of the Building, or if the

cost of restoration, as estimated by Landlord, equals or exceeds 30% of the replacement value of the Building but Landlord does not elect to terminate this Lease pursuant to the provisions of Section 16(a)(i) above, Landlord shall restore the Building with reasonable promptness, subject to delays beyond Landlord's control and reasonable delays in the making of insurance adjustments by Landlord, and Tenant shall not have the right to terminate this Lease.

(b) If the Premises are damaged by fire or other casualty insurable under a standard fire and extended coverage policy and if Landlord does not terminate this Lease under Section 16(a)(i) above, then Landlord shall restore that portion of the Premises so damaged. Landlord shall pay for the cost of restoring Tenant's improvements. Such restoration shall be with reasonable promptness, subject to delays beyond Landlord's control and delays in the making of insurance adjustments by Landlord, and Tenant shall not have the right to terminate this Lease. Tenant shall restore its trade fixtures, improvements or other property of Tenant.

(c) In any case in which Tenant's use of the Premises is affected by any damage to the Building or the Premises and irrespective of whether Landlord elects to terminate this Lease or restore the Building, there shall be a pro rata adjustment or abatement in rent during the period for which and to the extent the Premises are not accessible and not reasonably usable for the purposes for which they are leased based upon the square footage of the Premises which is not accessible and not reasonably usable. The words "restoration" and "restore" as used in this section shall include repairs.

(d) Notwithstanding the foregoing provisions contained in this Paragraph 16, Landlord agrees that if the repairs provided for herein cannot be made within four (4) months from the date of the casualty, subject to force majeure, as defined in Paragraph 33, then in such event, Tenant shall have the right, after said four (4) months, but prior to substantial completion, to terminate this Lease on thirty (30) days' written notice to Landlord.

17. Default.

(a) The occurrence of any of the following acts shall constitute events of default by Lessee:

(i) Abandonment of the Property and Lessee's continued abandonment for a period in excess of thirty (30) days following written notice thereof given to Lessee by Lessor, except for causes of force majeure, as defined in Paragraph 33;

(ii) Any assignment, transfer, or sublease that is not otherwise permitted herein or that has not been approved in advance by Lessor;

(iii) The appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located on at the Property or the attachment, execution or other judicial seizure of substantially all of Lessee's assets located on the Property or interest in this Lease, or when Lessee becomes a "debtor" as defined in any bankruptcy laws and any such attachment, levy, seizure or bankruptcy action is not released or dismissed within thirty (30) days.; or

(iv) Engaging in or allowing illegal activities to be conducted on the Property.

(b) Failure to pay rent as provided for herein or failure to perform any term, covenant, or condition of this Lease, other than those set forth in subparagraph (a) above, shall not constitute default unless such breach is not cured within the time period set forth below.

(c) Lessor shall give written notice to Lessee of any default and, if Lessee does not cure any rent default within ten (10) days or other default within thirty (30) days, after the giving of such notice (or, if such default is of such a nature that it cannot be completely cured within such thirty (30)) days), if Lessee does not commence such curing within thirty (30) days and thereafter proceed with reasonable diligence and in good faith to cure such defaults, then Lessor may terminate this Lease on not less than ten (10) days' written notice to Lessee, and on the date specified in said notice the term of this Lease shall terminate, and Lessee shall then quit and surrender the Property to Lessor, but Lessee shall remain liable as hereinafter provided. If this Lease shall have been so terminated by Lessor, Lessor may at any time thereafter resume possession of the Property by any lawful means and remove Lessee or other occupants and their effects.

(d) The rights and remedies in this Lease are not exclusive and the parties, in the event of a breach hereof or a dispute, are entitled to pursue any of the remedies provided herein, by law, or by equity.

(e) No course of dealing between the parties or any delay on the part of a party to exercise any right it may have under this Lease shall operate as a waiver of any of the rights hereunder, or by law or equity provided, nor shall any waiver of any prior default operate as the waiver of any subsequent default, and no express waiver shall affect any term or condition other than the ones specified in such waiver and that one only for the time and manner specifically stated.

18. Condemnation. If the whole of the Premises shall be taken for any public or quasi-public use, under any statue or by right of eminent domain or private purchase in lieu thereof by a public body vested with power of eminent domain, then, when possession shall be taken thereunder of the Premises, the term herein demised and all the rights of Tenant hereunder shall

immediately terminate. If only a part of the Premises shall be so condemned or taken, then, when possession shall be taken thereunder of a part of the Premises, a portion of the Annual Base Rental and additional rent hereunder shall be abated and apportioned according to the square footage of the Premises so condemned or taken. If only a part of the Building shall be so condemned or taken, and the Premises, or any substantial part of either, in Landlord's reasonable judgment requires substantial reconstruction or is no longer economically suitable for rental (whether or not the Premises be affected), then Landlord may, at Landlord's option, terminate this Lease and the term herein demised and all rights of Tenant hereunder shall terminate by Landlord notifying Tenant in writing of such termination within sixty (60) days following the date on which Landlord shall have received notice of vesting of title in the condemning authority, such termination to be effective on the date specified in such notice of Landlord, which date shall be no later than sixty (60) days after the date of such notice. If such partial condemnation or taking shall deprive Tenant of access to the Premises, and Landlord shall not have provided or undertaken steps to provide other means of access thereto, or if such partial condemnation or taking reduces the area of the Premises occupied by Tenant by more than 20%, Tenant may, at Tenant's option, by delivery of written notice to Landlord within sixty (60) days following the date on which Tenant shall have received notice of vesting of title, terminate this Lease, and the term herein demised and all right of Tenant hereunder. Such termination is to be effective on the date specified in such notice, but no later than sixty (60) days after the date of such notice. If neither Landlord nor Tenant elects to terminate this Lease as provided above, this Lease shall be and remain unaffected by such condemnation or taking, except that the Annual Base Rental and additional rental shall be abated to the extent, if any, as provided above. Subject to the prior rights of any mortgagee of the Building, if only a part of the Premises shall be so condemned or taken, and this Lease is not terminated as provided above, Landlord will, with reasonable diligence and at its expense, restore the remaining portion of the Premises as nearly as practicable to the same condition as existed prior to such condemnation (and the interest which Tenant may have or claim to have in any award resulting from any such condemnation or taking shall be limited to the unamortized value of any permanent improvements to the structure of the Building paid for by Tenant, and any claim for furniture or fixtures of any nature whatsoever or Tenant's leasehold estate shall be excluded). In the event of termination pursuant to the provisions of this Section 18, the rent shall be adjusted as of the time of such termination, and any rent paid for any period thereafter shall be refunded to Tenant.

19. Assignment and Subletting. Except for such subleases approved by Landlord as listed on **Exhibit "D",** Tenant shall not assign or transfer this Lease or any part thereof, or any interest therein, or sublet the Premises or any part thereof, without first obtaining Landlord's prior written consent, which consent shall not be unreasonably withheld. In no event shall Tenant assign or sublet the leased premises for any terms, conditions and covenants other than those contained herein. No court or officer thereof, nor any receiver or trustee in bankruptcy or in any state insolvency proceeding shall acquire any interest in this Lease by operation of law or otherwise. Any of the following transactions will be deemed to be an assignment of this Lease within the meaning of this Section 19 except for (i) a transfer as a result of the death of a shareholder of a corporate tenant or of a limited partner of a partnership tenant, or (ii) a transfer of the equity ownership of any corporation or partnership whose equity securities are registered under this Securities Act of 1934:

(a) A transfer by operation of law or otherwise, of Tenant's interest in this Lease; or

(b) A transfer of any percentage interest in Tenant (whether stock, partnership interest, or otherwise) in a single transaction or a series of transactions, which over the term of the Lease aggregates to fifty percent (50%) or more of the ownership interest in the Tenant as in effect on the date that Tenant executes this Lease; or

(c) Any increase in the amount of issued and/or outstanding shares of capital stock or partnership interest of any corporate or partnership tenant, and/or the creation of one or more additional classes of capital stock of any corporate tenant, in a single transaction or a series of transactions, with the result that over the term of this Lease, the beneficial and record ownership in and to such tenant shall have changed by fifty percent (50%) or more from the beneficial and/or record ownership as of the date that Tenant executes this Lease.

20. Maintenance of Food and Drink Machines. Tenant shall maintain no food or drink coin-operated vending machines within the Premises or the Building without the prior written consent of Landlord. Tenant may provide, at its own cost, coffee, soft drinks and similar items for its employees at no cost to them and install the equipment therefor.

21. Intentionally left blank.

22. Intentionally left blank.

23. Surrender and Holding Over. Tenant shall surrender the Premises to Landlord at the expiration of the term hereof or any extension thereof, or upon other termination of this Lease, in as good condition as received, ordinary wear and tear and damage by fire or other insurance casualty excepted. Tenant, at its expense, promptly will remove all of Tenant's property from the Premises. If Tenant shall default in so surrendering the Premises, Tenant's occupancy subsequent to such expiration or termination shall be deemed to be that of a Tenant at will, and in no event from month to month or from year to year, but Tenant also shall be subject to all of other terms, covenants and conditions of this Lease, and no extension or renewal of this Lease shall be deemed to have occurred by such holding over. Landlord and Tenant agree that the damage to Landlord resulting from any failure by Tenant to timely surrender possession of the Premises will be substantial, will exceed the amount of the monthly installments of the Rent payable hereunder, and will be impossible to measure accurately. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord upon the Expiration Date or sooner termination of the Lease, in addition to any other rights or remedies Landlord may have hereunder or at law, Tenant shall pay to Landlord, as liquidated damages, for each month and for each portion of any month during which Tenant holds over in the Premises after the Expiration Date or sooner termination of this Lease, a sum equal to two (2) times the aggregate of that portion of the Base Annual Rent that was payable under this Lease during the last month of the Term. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the Expiration Date or sooner termination of the Lease. The provisions of this Paragraph shall survive the expiration Date or sooner termination of this Lease.

24. Mortgage Financing.

(a) This Lease is and shall be, at the option of a first mortgagee of the Building, subject and subordinate to any first mortgage or deed of trust (collectively, "mortgage" or "mortgages") which now affects the land or the Building, and this Lease shall be subject and subordinate to any and to all renewals, modifications, consolidations, replacements and extensions thereof. Although this subordination provision shall be deemed for all purposes to be automatic and effective without any further instrument delivered on the part of Tenant, Tenant shall, upon the request of Landlord and/or the holder of any mortgage on the Premises, execute and deliver such instruments as may be required by Landlord and such holder to make this Lease either superior or subordinate to any mortgages now or hereafter placed upon Landlord's interest in the Premises or future additions thereto. Landlord shall obtain a covenant in any such subordination agreement that this Lease shall be recognized by the mortgagee and that the rights of Tenant hereunder shall remain in full force and effect during the term of this Lease and any extensions thereof, notwithstanding any default of mortgagors with respect to said mortgages or any foreclosure thereof, so long as Tenant shall perform all of Tenant's covenants hereunder. Tenant hereby attorns to any purchaser at a foreclosure sale or sale in lieu of foreclosure, and agrees to execute all agreements required by any such purchaser affirming such attornment. Nothing contained in this agreement shall be construed as placing any limitation upon Landlord's right to sell, mortgage, assign or in any manner convey an interest, in part or in whole, in either the land or the Building, or both.

(b) If any lending institution with which Landlord is negotiating interim or long term financing for the Building request changes in this Lease as a condition of such financing and Tenant fails or refuses to amend this Lease as required by such lender, Landlord will have the right to cancel this Lease at any time prior to the Commencement Date, whereupon this Lease will become null and void, and neither party will have any further liability hereunder. Notwithstanding anything contained herein to the contrary, Tenant shall not be required to agree, and Landlord shall not have any right of cancellation for Tenant's refusal to agree to any modification to this Lease relating to Annual Base Rent, Landlord's Work, the size of location of the Premises, or the duration or the Commencement Date of the Lease Term.

(c) Tenant shall give prompt written notice, in the manner hereinafter provided, to any mortgagee of which Tenant has notice, of any default of Landlord hereunder, and Tenant shall allow such mortgagee a reasonable length of time (in any event, not less than thirty (30) days from the date of such notice), in which to cure any such default. Any such notice shall be sent to the Mortgage Loan Department of any such mortgagee at its home office address.

25. Signs. Tenant shall not cause or permit any sign or other object to be placed on or affixed to any part of the Building, unless Landlord's prior written consent is obtained, which consent shall not be unreasonably withheld. Landlord, in addition to all other remedies, shall be entitled to remove any sign not allowed under this Section. All signs, decorations and advertising media shall conform in all respects to the sign criteria established by Landlord for the Building from time to time in the exercise of its sole discretion, and shall be subject to the prior written approval of Landlord as to construction, method of attachment, size, shape, height, lighting, color and general appearance. All signs shall be kept in good condition and in proper operating order at

all times. Upon expiration or cancellation of this Lease, the Tenant shall at its expense remove all interior and/or exterior signs and repair any damage caused to the Building because of installation or removal. Landlord reserves the right to designate a uniform type for the Building to be installed and paid for the Tenant.

26. Broker. Landlord and Tenant agree that no broker has been involved in the negotiation or consummation of this Lease. Landlord and Tenant each will hold the other harmless against any and all claims for a brokerage commission or other compensation arising out of any discussions or negotiations with respect to this Lease.

27. Intentionally left blank.

28. Access to Premises. Landlord and its agents shall have the right to enter the Premises at all reasonable times (i) to examine the Premises, (ii) to perform any obligation for which Landlord is responsible hereunder, (iii) to exhibit the Premises to others, or (iv) for any other reasonable purpose.

29. Landlord's Lien. Tenant hereby pledges, assigns and grants a security interest to Landlord in all of the furniture, fixtures, and other personal property of Tenant that are or may be put in, on or about the Premises as security for the payment of rent herein reserved. The lien hereby created may be enforced by distress, foreclosure or otherwise, at the election of Landlord.

30. Exhibits. The exhibits referred to in this Lease and any exhibit not referred to herein but initialed by both parties hereto and attached to this Lease, shall be a part hereof as fully as if set forth in their entirety herein.

31. Other Charges. All charges (other than Landlord's Work) against Tenant by Landlord for work done on the Premises by order of Tenant or otherwise accruing under this Lease shall be treated as rent due hereunder for the purposes of determining whether Tenant has committed an event of default and shall be payable as such unless a specific date for payment is otherwise stated.

32. Notices. All notices herein provided shall be in writing and shall be deemed given when sent either by Registered or Certified Mail, Postage Prepaid, Return Receipt Requested, and deposited in the mail, or when sent by Federal Express, in either case addressed to Landlord and Tenant as follows:

LANDLORD:

Osborne Building Corporation
P.O. Box 11549
Chattanooga, TN 37401

TENANT:

City of Chattanooga
Attn: Director of General Services

101 E. 11th Street, Suite G4
Chattanooga, TN 37402

With a copy to:

City Attorney
100 E. 11th Street, Suite 200
Chattanooga, TN 37402

Either party may change its address for purposes of notice, by written notice given in like manner at least seven (7) days before the effective date of such change of address.

33. Force Majeure. In the event that either party shall be delayed, hindered in, or prevented from the performance of any act required by this Lease, other than payment of rent and all other sums due hereunder, by reason of acts of God, strikes, lock-outs, labor problems, inability to procure materials, failure of power, restrictive governmental laws or regulation, riots, insurrection, war, terrorist acts, or other reasons of a like nature beyond the control of the party delayed in performance as required under the term so of this Lease, then performance of any such act shall be excused, without liability, for the period of such delay.

34. No Waiver. No failure of Landlord to exercise any power given Landlord hereunder or to insist upon strict compliance by Tenant with its obligations hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Landlord's right to demand exact compliance with the terms of this Lease.

35. Waiver of Notice. Tenant waives any and all notices required by law, other than such notice as may be specifically required in this Lease.

36. Entire Agreement. This Lease and any addendum or exhibit now or hereafter attached hereto contain the entire agreement between parties, and all prior written verbal understandings and agreements are merged herein. This Lease may not be altered, changed or amended, except by an instrument in writing signed by both parties hereto.

37. Partial Invalidity. If any term or condition of this Lease or the application thereof to any person or event shall to any extent be invalid and unenforceable, the remainder of this Lease and the application of such term, covenant or condition to persons or events other than those to which it is held invalid or unenforceable shall not be affected and each term, covenant and condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

38. Captions, Construction of Words. The captions in this Lease are for convenience only and are not intended to limit or amplify the terms and provisions of this Lease. Whenever the context permits or requires, words in the singular may be regarded as in the plural and vice-versa and personal pronouns may be read as masculine, feminine or neuter.

39. Landlord's Exculpatory Clause. The term "Landlord" as used in this Lease means only the fee simple owner or ground lessee for the time being of the land so that in the event of

any sale or sales of such land, or assignment, transfer, or other conveyance of Landlord's rights under this Lease, the Landlord shall be and hereby is entirely freed from and relieved of all covenants and obligations of Landlord hereunder, and it shall be deemed and construed, without further agreement between the parties or their successors in interest, or between the parties and the purchaser at any such sale, or the successor to the Landlord by reason under this Lease, that such purchaser or successor has assumed and agreed to carry out any and all covenants and obligations of the Landlord hereunder.

If the Landlord or any successor in interest or assignee shall be an individual, joint venture, tenancy in common, firm or partnership, general or limited, or corporation, it is specifically understood and agreed that there shall be no personal liability on such individual or the members of the joint venture, tenancy in common, firm, limited or general partnership or corporation, with respect to any of the covenants or conditions of this Lease, and the Tenant shall look solely to the Landlord's equity in the fee simple estate on which the Building has been constructed for the satisfaction of the remedies of the Tenant in the event of a breach by the Landlord of any of the terms, covenants and conditions of this Lease to be performed by the Landlord, it being the intent hereof that the Landlord shall have no personal liability of any nature whatsoever.

Notwithstanding the provisions of Section 23, Tenant expressly agrees that the lender of the Landlord shall not be held subject to any liability or obligation to Tenant under this Lease or as a result of foreclosure or otherwise; and, in such event, Landlord's lender shall be subject only to those liabilities or obligations arising subsequent to the date such lender obtains title to the Premises.

40. Documentation; Right to Cure. Tenant does covenant and agree to execute and deliver to Landlord, within ten (10) days from date of request, such supplemental documents as may be required by Landlord or other lender of the Landlord in connection with this Lease Agreement, including estoppel certificates in such form as may be required by Landlord, which certificates may include some information as to any modifications of this Lease, dates of commencement of term and the termination date of this Lease, and whether or not Landlord is in default hereunder. Any such certificate may be relied upon by any lender or prospective lender of the Landlord, or any assignee or prospective assignee of any lender thereof. If Tenant fails or refuses to furnish such certificate within the time provided, it will be conclusively presumed that this Lease is in full force and effect in accordance with its terms and the Landlord is not in default.

Tenant agrees to give any lender of the Landlord and/or trust deed holder, by certified mail, a copy of any notice of default served upon the Landlord, provided that prior to such notice Tenant has been notified in writing (by way of notice of assignment of rents and leases, or otherwise) of the address of such lender and/or trust deed holder. Tenant further agrees that if Landlord shall have failed to cure such default as required by the terms of the Lease, then the lender and/or trust deed holder shall have the same right to cure any such default within the time period afforded the Landlord after receipt of notice or, if such default cannot be cured within that time, then within such additional time as may be necessary if within such period of time the lender and/or trust deed holder has commenced and is diligently pursuing the remedies necessary

to cure such default (including, but not limited to, commencement of foreclosure proceedings if necessary to effect such cure), in which event this Lease shall not be terminated while such remedies are being so diligently pursued.

41. Joint and Several Liability. If this Lease is executed by more than one party constituting the Tenant, all such parties shall be jointly and severally liable for the payment and performance on all obligations of the Tenant hereunder.

42. Governing Law. The Lease shall be governed by, and construed in accordance with, the laws of the State of Tennessee, which are applicable to contracts executed wholly within that state.

43. Successors and Assigns. Except as otherwise expressly provided in this Lease, the obligations of this Lease shall bind and benefit the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be executed the day and date first above written.

LANDLORD:

OSBORNE BUILDING CORPORATION

Witness: Dawn C Handley

By: _____
W.H. Horton
Assistant Secretary

TENANT:

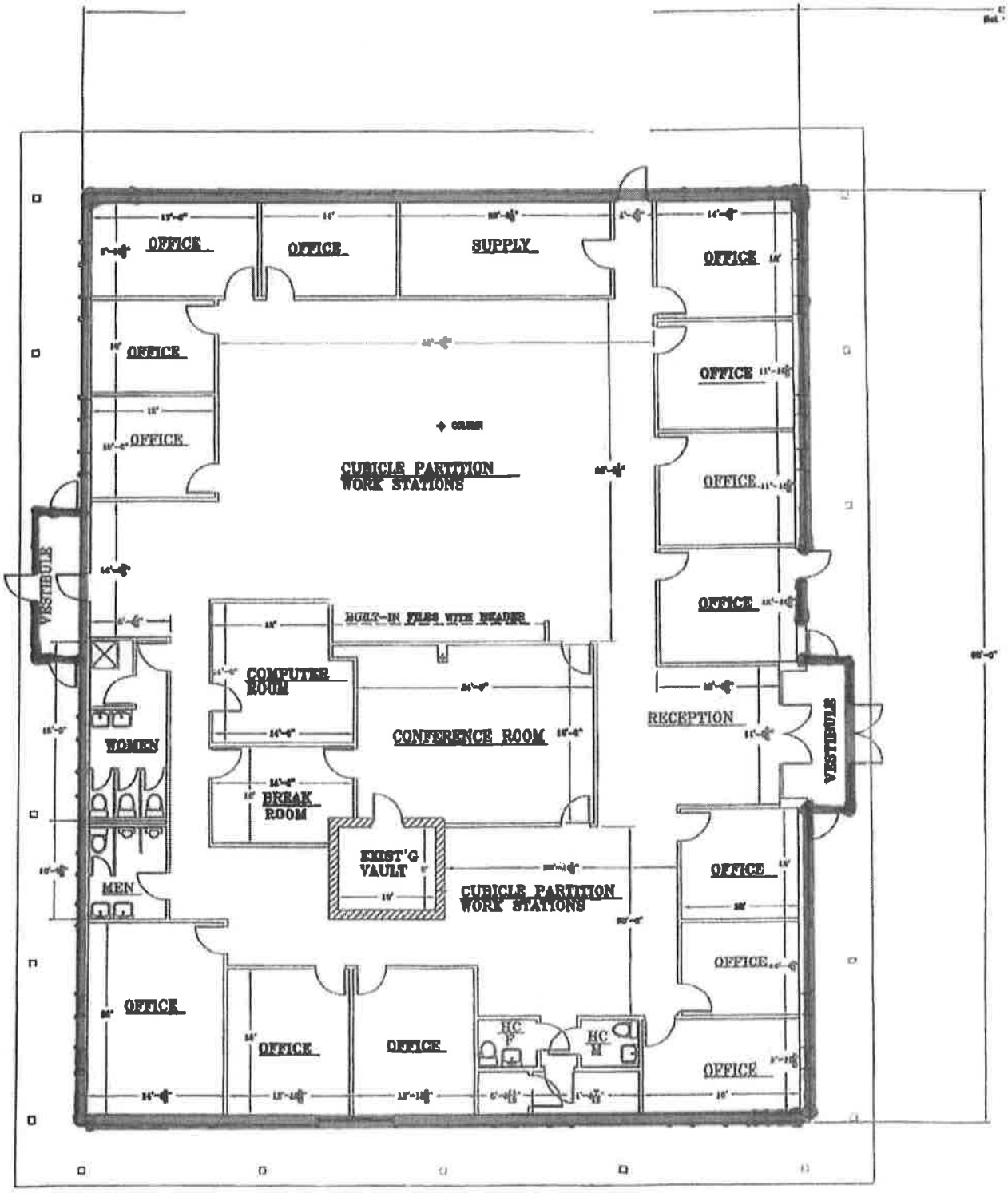
CITY OF CHATTANOOGA

Witness: Gail Hart

By: _____
Title: MAYOR

KOF

"Exhibit A"



BUILDING "A" (6400 Bldg.)

7,350 Sq.Ft. (75' x 98')

Not to Scale

All Information / Measurements are Deemed Reliable But not Guaranteed

City of Chattanooga
Employee Benefits Division

CERTIFICATE OF SELF-INSURANCE

This is to certify that the City of Chattanooga Government is a self-insurer in accordance with the Tennessee Governmental Tort Liability Act.

The funded Self-Insurance Plan is established under the provisions of the Tennessee Governmental Tort Liability Act, T.C.A. § 29-20-403, et. seq., which establishes the limits of liability for governmental entities in the State of Tennessee. For all claims against a self-insuring governmental entity, the Act establishes a maximum limit of liability of Three Hundred Thousand ($300,000.00) Dollars for bodily injury or death of any one (1) person in any one (1) accident, occurrence or act, and Seven Hundred Thousand ($700,000.00) Dollars for bodily injury or death of all persons in any one (1) accident, occurrence or act, and One Hundred Thousand ($100,000) Dollars for injury or destruction of property of others in any one (1) accident, occurrence or act. The provisions of the above limits shall apply to any action arising on or after July 1, 2007.

By: Madeline Green

Madeline Green
Director of Risk Management and Insurance

EXHIBIT "B"

274 East 10th Street • Suite 100 • Chattanooga, TN 37402
OFFICE: (423) 757-5360 • FAX: (423) 757-0087

EXHIBIT "C"
RULES AND REGULATIONS

1. The rights of each Tenant in entrance, corridors, escalators and elevators (as applicable) servicing the Building are limited to ingress to and egress from such Tenant's Premises for the Tenant and its employees, licensees and invitees, and no Tenant shall use, or permit the use of, the entrances, corridors, escalators or elevators (as applicable) for any other purpose. No Tenant shall invite to the Tenant's Premises, or permit the visit of, persons in such numbers or under such conditions as to interfere with the use and enjoyment of any of the sidewalks, plazas, entrances, corridors, escalators, elevators (as applicable) and other facilities of the Building by any other Tenants. No Tenant shall obstruct, or permit the obstruction of, any of the sidewalks, plazas, entrances, corridors, escalators, elevators, fire exits or stairways (as applicable) of the Building. Landlord reserves the right to control and operate the public portions of the Building and the public facilities, as well as facilities furnished for the common use of the Tenants, in such manner as in its reasonable judgment deems best for the benefit of the Tenants generally.

2. Landlord may refuse admission to the Building outside of normal Building business hours on business days to any person not known to the watchman in charge, or not having a pass issued by Landlord or by the Tenant whose Premises are to be entered, or not otherwise properly identified, and Landlord may require all persons admitted to or leaving the Building outside of normal Building business hours on business days to provide appropriate identification. Each Tenant shall be responsible for all persons for whom it issues any such pass and shall be liable to Landlord for all acts or omissions of such persons. Any person whose presence in the Building at any time shall, in the judgment of Landlord, be prejudicial to the safety, character or reputation of the Building or of its Tenants may be denied access to the Building or may be ejected therefrom. During any public excitement or commotion, Landlord may prevent all access to the Building by closing the doors or otherwise for the safety of the Tenants and protection of property in the Building.

3. The cost of repairing any damage to the public portions of the Building or to the public facilities or to any facilities used in common with other Tenants, caused by a Tenant or its employees, agents, contractors, licensees or invitees, shall be paid by such Tenant.

4. No awnings or other projects shall be attached to the outside walls of the Building. No curtains, blinds, shades or screens which are different from the standards adopted by Landlord for the Building shall be attached to, or hung in, or used in connection with, any exterior window or door of the Premises of any Tenant, without the prior written consent of Landlord. Such curtains, blinds, shade or screens must be of a quality, type, design and color approved by Landlord, and attached in the manner approved by Landlord.

5. No lettering, sign advertisement, notice or object shall be displayed in or on the exterior windows or doors of, or on the outside of, any Tenant's Premises, or at any point inside any Tenant's premises where the same might be visible outside of such Premises, without the prior written consent of Landlord. In the event of the violation of the foregoing by any Tenant, Landlord may remove such object or objects without any liability and may charge the expense incurred in such removal to the Tenant violating this rule. Interior signs, elevator designations and lettering on doors and the Building directory shall (as applicable), if and when approved by Landlord, be inscribed, painted or affixed for

each Tenant by Landlord at the expense of such Tenant, and shall be of a size, color and style acceptable to Landlord.

6. The sashes, sash doors, skylights, windows and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by any Tenant, nor shall any bottles, parcels or other articles be placed on the window sills or on the peripheral air conditioning enclosures, if any.

7. No showcases or other articles shall be put in front of, or affixed to any part of, the exterior of the Building, nor placed in the halls, corridors or vestibules of the Building.

8. No bicycles, vehicles, animals, fish or birds of any kind shall be brought into or kept in or about the premises of any Tenant or the Building.

9. No noise, including but not limited to, music or the playing of musical instruments, recordings, radio or television, which, in the reasonable judgment of Landlord, might disturb other Tenants in the Building, shall be made or permitted by any Tenant. Nothing shall be done or permitted in the Premises of any Tenant that would impair or interfere with the use or enjoyment by any other Tenant of any other space in the Building.

10. No Tenant, nor any Tenant's contractors, employees, agents, visitors or licensees, shall at any time bring into or keep upon the premises or the Building any inflammable, combustible, explosive or otherwise dangerous fluid, chemical or substance.

11. No additional locks or bolts of any kind shall be placed upon any of the doors or windows in any Tenant's Premises and no lock on any door therein shall be changed or altered in any respect. Additional keys for a Tenant's Premises and toilet rooms shall be procured only from Landlord who may make a reasonable charge therefor. Each Tenant shall, upon the termination of its Tenancy, turn over to Landlord all keys for such Tenant's premises and toilet rooms, either furnished to, or otherwise procured by, such Tenant, and in the event of the loss of any keys furnished by Landlord, such Tenant shall pay to the Landlord the cost thereof.

12. All removals, or the carrying in or out of any safes, freight, furniture, packages, boxes, crates or any other object or matter of any description must take place during such hours and in such elevators and in such manner as Landlord or its agent may determine from time to time. The persons employed to move safes and other heavy objects shall be reasonably acceptable to Landlord. Arrangements will be made by Landlord with any Tenant for moving large quantities of furniture and equipment into or out of the Building. All labor and engineering costs incurred by Landlord in connection with any moving specified in this rule, including a reasonable charge for overhead and profit, shall be paid by such Tenant to Landlord, on demand.

13. Landlord reserves the right to inspect all objects and matter to be brought into the Building and to exclude from the Building all objects and matter which violate any of these Rules and Regulations or the Lease of which this Exhibit is a part. Landlord may require any person leaving the Building with any package or other object or matter to submit a pass, listing such package or object or matter, from the Tenant from whose Premises the package or object or matter is being removed, but the establishment and enlargement of such requirement shall not impose any responsibility on Landlord for the protection of any Tenant against the removal of property from the Premises of such Tenant. Landlord shall in no way be liable to any Tenant for damages or loss arising from the

admission, exclusion or ejection of any person to or from the Premises or the Building under the provisions of this Rule or Rule 2 hereof.

14. Landlord shall have the right to prescribe the weight and position of safes and other objects of excessive weight, and no safe or other object whose weight exceeds the lawful load for the area upon which it would stand shall be brought into or kept in any Tenant's Premises. If, in the judgment of Landlord, it is necessary to distribute the concentrated weight of any heavy object, the work involved in such distribution shall be done at the expense of Tenant and in such manner as Landlord shall determine.

15. No machinery or mechanical equipment other than ordinary portable business machines may be installed or operated in any Tenant's Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed, and in no case (even where the same are of a type so excepted or consented to by Landlord) shall any machines or mechanical equipment be so placed or operated as to disturb other Tenants; but machines and mechanical equipment which may be permitted to be installed and used in a Tenant's premises shall be so equipped, installed and maintained by such Tenant as to prevent any disturbing noise, vibration or electrical or other interference from being transmitted from such premises to any other area of the Building.

16. Landlord, its contractors, and their respective employees shall have the right to use, without charge therefor, all light, power and water in the Premises of any Tenant while cleaning or making repairs to or alterations in the Premises of such Tenant.

17. The requirements of Tenants will be attended to by Landlord only upon application 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.

18. Canvassing, soliciting and peddling in the Building are prohibited, and each Tenant shall cooperate to prevent the same.

19. No Tenant shall cause or permit any unusual or objectionable odors that would annoy other Tenants or create a public or private nuisance to emanate from its Premises. No cooking shall be done in the Premises of any Tenant except as is expressly permitted in such Tenant's lease.

20. Nothing shall be done or permitted in any Tenant's Premises, and nothing shall be brought into or kept in any Tenant's Premises, which would impair or interfere with any of the Building services or the proper and economic heating, cleaning or other servicing of the Building or the Tenant's Premises, or the use or enjoyment by any other Tenant of any other Premises, nor shall there be installed by any Tenant any ventilating, air-conditioning, electrical or other equipment of any kind which, in the reasonable judgment of Landlord, might cause any such impairment or interference.

21. No acids, vapors or other materials which may damage the waste lines, vents or flues of the Building shall be discharged or permitted to be discharged into such waste lines, vents of flues. The water and wash closets and other plumbing fixtures in or serving any Tenant's Premises shall not be used for any purpose other than the purposes for which they were designed or constructed, and no sweeping, rubbish, rags, acids or other foreign substances shall be deposited therein. All damages resulting from any misuse of the fixtures shall be borne by the Tenants who, or whose servants, employees, agents, visitors or licensees shall have cause the same. Any cuspidors or containers or

receptacles used as such in the Premises of any tenant or for garbage or similar refuse, shall be emptied, cared for and cleaned by and at the expense of such Tenant.

22. All entrance doors in each Tenant's Premises shall be left locked and all windows shall be left closed by the Tenant when the Tenant's Premises are not in use. Entrance doors to each Tenant's Premises and to the Building shall not be left open at any time. Each Tenant, before closing and leaving its Premises at any time, shall turn out all lights.

23. All windows in each Tenant's Premises shall be kept closed, and all blinds therein above the ground floor shall be lowered as reasonably required because of the position of the sun, during the operation of the Building air-conditioning system to cool or ventilate the Tenant's Premises. If Landlord shall elect to install any energy-saving film on the windows of the Premises or to install energy-saving windows in place of the present windows, each Tenant shall cooperate with the reasonable requirements of Landlord in connection with such installation and permit Landlord or its agents to have access to the Tenant's Premises at reasonable times during business hours to perform such work.

24. No Tenant shall install any resilient tile or similar floor covering in such Tenant's Premises except in such manner as may be approved by the Landlord.

25. No Tenant, or any employee of any Tenant, shall go upon the roof of the Building without the written consent of Landlord.

26. No attachment shall be made to the electric-lighting wires of the Building for the storing of electricity or for the running of motors or other purposes, nor shall any Tenant use any other method of heating than that provided by Landlord, without the written consent of Landlord. No mechanic shall be allowed to work on the Building other than those employed by the Landlord, without the prior written consent of Landlord.

27. Landlord reserves the right to rescind, alter or waiver any rule or regulation at any time prescribed for the Building when, in its reasonable judgment, Landlord deems it necessary, desirable or proper for its best interest and for the best interests of the Tenants generally, and no alteration or waiver of any rule or regulation in favor of one Tenant shall operate as an alteration or waiver in favor of any other Tenant. Landlord shall not be responsible to any Tenant for the non-observance or violation of any of the rules and regulations at any time prescribed for the Building.

28. Landlord reserves the right to amend or add to these Rules and Regulations at any time, provided that Landlord shall furnish to each Tenant a copy of such amended or additional Rules.

29. The Tenant will not, or will he allow his employees to, store vehicles of any type in the parking area for the purpose of offering them for sale. Advertising of vehicles, boats, trailers, or articles of any kind is prohibited.

30. No smoking shall be permitted within the premises of any Tenant or the Building.

COMMUNITY PARTNERS

State of Tennessee Adult Protective Services

Southern Adventist University School of Social Work

McKamey Animal Services

Helen Ross McNabb Behavioral Health

Second Life of Greater Chattanooga

City of Chattanooga Police Department

Hamilton County Sheriff

Legal Aid of East Tennessee

Southeast Tennessee Legal Services

Children's Advocacy Center

EXHIBIT "D"

FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement is made and entered into as of this 20th day of April, 2015, between **OSBORNE BUILDING CORPORATION** ("Lessor") a Tennessee corporation and **CITY OF CHATTANOOGA,** a Tennessee municipal corporation ("Lessee"), a limited liability company organized and existing under the laws of Tennessee. The parties agree as follows:

RECITALS

WHEREAS, Lessor and Lessee entered into a Lease Agreement dated as of February 27, 2015 (the "Lease"); and

WHEREAS, the parties desire to amend the Lease as provided herein.

SECTION 10(b)

AMENDMENT

1. Amendment of Section 10(b),. Section 10(b) of the Lease is hereby deleted in its entirety and replaced with the following:

   10(b) As of the Commencement Date of this Lease, Landlord has approved the following alterations of the Premises:

   1. Tenant is authorized to remove the existing office systems furniture ("Cubicle Partition Work Stations) depicted on **Exhibit A.** At the end of the lease term, or the prior expiration of this Lease, as the case may be, Tenant shall return the Cubicle Partition Work Stations to their original configuration.
   2. Tenant is also authorized to install interior walls and doors ("Interior Improvements"). At the end of the lease term, or the prior expiration of this Lease, as the case may be, all Interior Improvements shall, at the election of Landlord, either (i) become the property of Landlord, or (ii) be removed and the Premises returned to its original condition

   The alternations of the Premises are depicted on **Exhibit A-1.**

   Other than the alternations listed above, Tenant shall make no material alterations, decorations, installations, additions, or improvements in or to the Premises or the equipment therein, without Landlord's prior written consent. In the event that Landlord does give its consent to any nonstructural alterations, decorations, installations, additional or improvements (herein called "Nonstructural Alterations") proposed to be made by Tenant, such Nonstructural Alterations and the materials and furnishings used therein must be in compliance with all applicable laws, ordinances, regulations and building codes. Additionally, such Nonstructural Alterations shall not interfere with Landlord's ability to furnish services to other tenants, provided, however, that if any such Nonstructural Alterations do interfere with or affect Landlord's ability to provide the services in the Premises described in Section 7 hereof, Landlord shall be relieved from such obligation to the extent of such interference. All

such work shall be done at such times and in such manner as Landlord may from time to time approve and shall be done in full compliance with all laws, rules, regulations, and requirements of all governmental bureaus and bodies having jurisdiction thereover. All Nonstructural Alterations (other than communications equipment, quotation devices or equipment leased by Tenant) shall, at the election of the Landlord, become the property of Landlord and shall remain upon and be surrendered with the Premises as a part thereof at the end of the Lease Term, or the prior expiration of this Lease, as the case may be. In the event the Landlord shall elect otherwise, then such of the Nonstructural Alterations as the Landlord may select (as well as any communications equipment, quotation devices or equipment leased by Tenant) shall be removed by the Tenant upon the giving of written notice by Landlord at least thirty (30) days prior to the end of the Lease Term or the prior expiration of this Lease, as the case may be, and Tenant shall restore the Premises to its original conditions (except with respect to normal wear and tear and with respect to those items which Landlord has elected to retain in the Premises) at Tenant's own cost and expense at or prior to the expiration of the Lease Term. Landlord shall not be liable for any damages caused by any failure of any Building facilities or services, including but not limited to the air conditioning and ventilating equipment installed by Landlord, which failure is caused by alterations, installations, and/or additions by Tenant. Tenant shall be obligated to promptly correct any such faulty installation, and upon Tenant's failure to correct same, Landlord may make such correction and charge Tenant for the cost thereof. Such sum due Landlord shall be deemed additional rent and shall be paid by Tenant promptly upon being billed therefor. Tenant shall keep full and accurate records of the cost of any Nonstructural Alterations in and to the Premises made by Tenant and shall, if requested by Landlord, make the same available to Landlord for use in connection with any proceedings to review the assessed valuation of the Building or any proceedings to acquire the Building for public or quasi-public use.

2. No Other Amendments. Except as expressly amended herein the First Amended and Restated Lease shall remain in full force and effect.

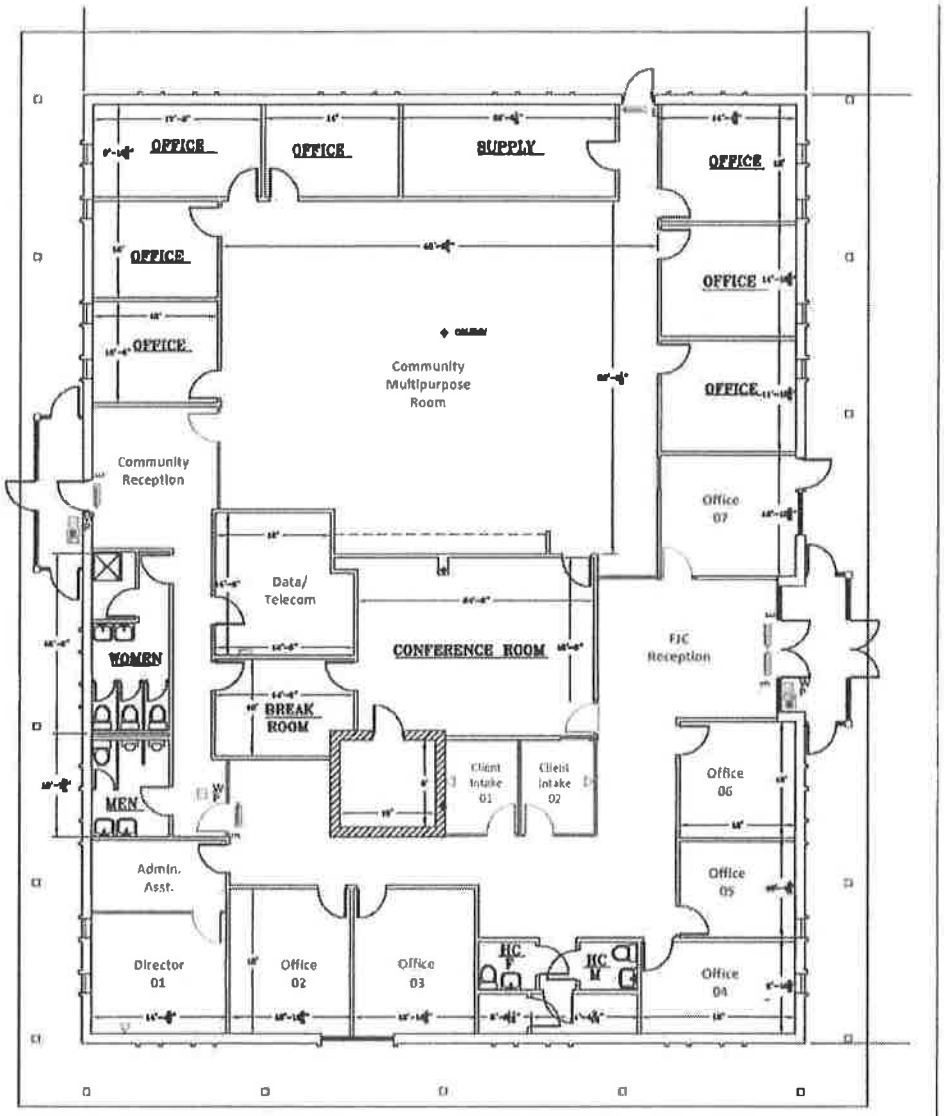
IN WITNESS WHEREOF, The parties have executed this Amendment to the Lease as of the day and year first above written.

OSBORNE BUILDING CORPORATION

By: Beth Robertson
Title: Secretary

CITY OF CHATTANOOGA

By :
Title: MAYOR



BUILDING "A" (6400 Bldg.)

7,350 Sq.Ft. (75' x 98')

All Information / Measurements are Deemed Reliable But not Guaranteed

1/8" = 1'-0"