



JASON E. MUMPOWER
Comptroller

TENNESSEE STATE SCHOOL BOND AUTHORITY

April 26, 2022

AGENDA

1. Call meeting to order
2. Approval of the Minutes from the TSSBA meeting of March 28, 2022
3. Consideration and approval of the Resolution to Approve the Borrowing of Money by Another Method by the University of Tennessee - Knoxville
4. Consideration and approval of the Resolution to Approve the Borrowing of Money by Another Method by the University of Tennessee – Health Science Center
5. Consideration and approval of the Resolution to Approve the Borrowing of Money by Another Method by Tennessee Board of Regents on behalf of Chattanooga State Community College
6. Adjourn

TENNESSEE STATE SCHOOL BOND AUTHORITY
March 28, 2022

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Monday, March 28, 2022, at 2:15 p.m. in the Executive Conference Room, State Capitol, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

The Honorable David Lillard, State Treasurer
The Honorable Tre Hargett, Secretary of State
Commissioner Butch Eley, Department of Finance and Administration
Dick Tracy, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents

The following member participated telephonically as authorized by Tennessee Code Annotated § 8-44-108:

David Miller, proxy for Randy Boyd, President, University of Tennessee

The following member was absent:

The Honorable Bill Lee, Governor

Recognizing a physical quorum present, Mr. Mumpower called the meeting to order and asked Ms. Sandi Thompson, Director of the Division of State Government Finance (“SGF”), to call the roll. Ms. Thompson called the roll:

Mr. Miller – Present
Mr. Eley – Present
Mr. Lillard – Present
Mr. Mumpower – Present
Mr. Hargett – Present
Mr. Tracy – Present

Mr. Mumpower stated that the first item on the agenda was the approval of the minutes of the meeting held on February 23, 2022. Mr. Mumpower asked if there were any questions or discussion on the minutes. Hearing none, Mr. Hargett moved approval of the minutes, Mr. Eley seconded the motion, and Ms. Thompson called the roll:

Mr. Miller – Aye
Mr. Eley – Aye
Mr. Lillard – Aye
Mr. Mumpower – Aye
Mr. Hargett – Aye
Mr. Tracy – Aye

The minutes were approved unanimously.

Mr. Mumpower stated that the next item on the agenda was the consideration of a Resolution to Approve the Borrowing of Money by Another Method by the University of Tennessee (“UT”) for the Innovation South project. Mr. Mumpower recognized Mr. Austin Oakes, Assistant Vice President of the Office of Capital Projects at UT, to present the request. Mr. Oakes stated that UT had a request for the Knoxville (“UTK”) campus for approval of a lease agreement. Mr. Oakes stated that the request was to lease approximately 37,000 square feet at the UT research park in Knoxville from Innovation South Partners, LLC. Mr. Oakes explained that the term of the lease was 50 years with one 40-year option to extend. Mr. Oakes stated that UTK’s governor’s chair in advanced composite manufacturing would utilize this space. Mr. Oakes explained that the remainder of the building would be occupied by third party firms, many of whom would likely partner with UT on research initiatives. Mr. Oakes stated that the total estimated construction cost for UTK’s portion of the building is \$18.6 million. Mr. Oakes explained that in lieu of

traditional monthly rental payments, UT will prepay rent in four installments totaling \$18.6 million to cover the cost to build out the UT space.. Mr. Oakes stated that UT's subsequent rental rate would be \$291,582 with 2% annual escalation and an estimated annual common area maintenance charge of \$137,499. Mr. Oakes explained that if the guaranteed maximum price, once bid, is greater than 5% of the estimated amount, UT may terminate the lease and pay costs incurred by Innovation South partners or seek approvals to execute an amendment.

Mr. Mumpower asked if there any questions or discussion regarding the request. Hearing none, Mr. Lillard moved approval of the item and Mr. Tracy seconded the motion. Ms. Thompson called the roll:

Mr. Miller – Aye
Mr. Eley – Aye
Mr. Lillard – Aye
Mr. Mumpower – Aye
Mr. Hargett – Aye
Mr. Tracy – Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item on the agenda was the consideration of a Resolution to Approve the Borrowing of Money by Another Method by the University of Tennessee (“UT”) for the WUOT transmission tower. Mr. Mumpower recognized Mr. Austin Oakes to present the request. Mr. Oakes stated that this request for lease amendment was for UTK to extend the term of the lease for 10 years with four (4) five (5)-year options to extend with WBIR-TV, LLC. Mr. Oakes explained that the estimated average annual contract rent starting in year 36, later this year, was \$27,000.

Mr. Hargett moved approval of the item and Mr. Tracy seconded the motion. Mr. Mumpower asked if there any questions or discussion regarding the request. Hearing none, Ms. Thompson called the roll:

Mr. Miller – Aye
Mr. Eley – Aye
Mr. Lillard – Aye
Mr. Mumpower – Aye
Mr. Hargett – Aye
Mr. Tracy – Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item on the agenda was the consideration of a Resolution to Approve the Borrowing of Money by Another Method by the University of Tennessee (“UT”) for the Southern (“UTS”) campus. Mr. Mumpower recognized Mr. Austin Oakes to present the request. Mr. Oakes stated that this request was for a lease agreement with Caldwell & Gregory LLC for the maintenance and replacement of laundry equipment in the UTS residence halls. Mr. Oakes explained that this contract was for 26 machines with a total annual cost of \$13,010.30 with a 3% fee increase in the third year. Mr. Oakes stated that the contract would have a 5-year term. Mr. Oakes explained that UTS could terminate the agreement for convenience at its discretion.

Mr. Mumpower asked if there any questions or discussion regarding the request. Hearing none, Mr. Hargett moved approval of the item and Mr. Eley seconded the motion. Ms. Thompson called the roll:

Mr. Miller – Aye
Mr. Eley – Aye
Mr. Lillard – Aye
Mr. Mumpower – Aye

Mr. Hargett – Aye
Mr. Tracy – Aye

The motion was approved unanimously.

Mr. Mumpower stated that the next item on the agenda was the consideration of a Resolution to Approve the Borrowing of Money by Another Method by Austin Peay State University (“APSU”) with Ricoh USA, Inc. Mr. Mumpower recognized Mr. Benjamin “Benjie” Harmon, Associate Vice President for Finance and Chief Financial Officer at APSU, to present the request. Mr. Harmon stated that APSU was requesting approval of a 5-year contract with Ricoh USA for a multifunction device. Mr. Harmon stated that the cost was \$105 a monthly with an approximate cost of \$6,500 over the 5-year term. Mr. Harmon explained that APSU was seeking to the lease the machine instead of purchasing it because of the service agreement and supplies included in the lease.

Mr. Mumpower asked if there any questions or discussion regarding the request. Hearing none, Mr. Lillard moved approval of the item and Mr. Eley seconded the motion. Ms. Thompson called the roll:

Mr. Miller – Aye
Mr. Eley – Aye
Mr. Lillard – Aye
Mr. Mumpower – Aye
Mr. Hargett – Aye
Mr. Tracy – Aye

The motion was approved unanimously.

Mr. Mumpower stated that concluded the agenda for the meeting and the only remaining item was a motion to adjourn. Mr. Hargett made a motion to adjourn, and Mr. Lillard seconded the motion.

The motion was approved unanimously.

The meeting was adjourned.

Approved on this ____ day of _____, 2022.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

**RESOLUTION TO APPROVE THE BORROWING OF
MONEY BY ANOTHER METHOD BY THE UNIVERSITY
OF TENNESSEE**

Recitals

Whereas, the University of Tennessee-Knoxville (“UT-K”) proposes to lease (the “Lease”) 3,268 square feet (the “UT-K Space”) in a new 91,354 square foot building being constructed at the University of Tennessee Research Park at Cherokee Farm; and

Whereas, OrthoTennessee, P.C. (“OrthoTennessee”), a physicians’ practice group that is working in partnership with the University Health System, Inc. (a/k/a University of Tennessee Medical Center) to build a new ambulatory care/research facility (such facility to be known as the “Orthopaedics Institute”); and

Whereas, the Orthopaedics Institute will include nine surgical suites, a clinic and multiple physicians’ offices and is scheduled to be ready for occupancy in June 2022; and

Whereas, the landlord for the UT-K Space will be the University of Tennessee Medical Center and the UT-K Space will be the new home for the VOILs Healthcare Innovation LAb (“VOILA!”) which brings UT-K faculty, staff, and students together across multiple disciplines (e.g. biomedical engineering, kinesiology, nursing, vet medicine, and many others) to develop solutions to the most vexing healthcare challenges of our times; and

Whereas, VOILA! faculty, staff, and students work side-by-side with clinicians and other healthcare professionals, health systems, and community, corporate and non-profit partners to develop innovative biomedical devices, diagnostics, interventions, and therapies to improve the health and wellbeing of the citizens, families and communities of Tennessee and others far beyond; and

Whereas, faculty, staff and students engaged in VOILA!-Ortho, a new VOILA! program focused on innovations in orthopaedics, will work hand-in-hand with OrthoTennessee physicians and other healthcare professionals to develop solutions to real-world orthopaedic challenges in the surgical suite, in hospital and ambulatory care processes, and in patient recovery and rehabilitation; and

Whereas, the Lease will provide UT-K faculty, staff and students access to research labs and classroom-based and hands-on learning facilities essential to the development and implementation of real-world orthopaedic solutions, including clinical immersion opportunities, support for start-ups, understanding of regulatory requirements, prototyping, fundraising and more; and

Whereas, the UT-K Space will maximize the opportunity for collaboration among OrthoTennessee physicians and healthcare professionals and UT-K faculty, staff and students working on translational research and hands-on learning projects; and

Whereas, this strategy is consistent with best practices in translational research and innovation, in which the co-location of academic innovation teams and practitioners yields the best possible outcomes; and

Whereas, the term of the Lease is five (5) years with one (1) five (5) year option to extend and the landlord is offering a forty-five dollar and no cents (\$45.00) per square foot tenant improvement allowance; and

Whereas, the average annual rent, including utilities and janitorial, will be twenty-five dollars and fifteen cents (\$25.15) per square foot over the five (5) year term with the first-year rent being

sixty-eight thousand six hundred and twenty eight dollars and no cents (\$68,628.00), which is twenty-one dollars and no cents [\$21.00] per square foot and the total annual effective cost will be eighty-two thousand one hundred and seventy-five dollars and eighty-eight cents (\$82,175.88) per year and UT-K will also reimburse the landlord for UT-K's proportionate share of maintenance expenses, insurance costs, ground rent and property taxes; and

Whereas, UT-K can terminate the Lease for convenience with one hundred and twenty (120) days' notice but must reimburse the landlord for the unamortized balance of the tenant improvement allowance if the Lease is terminated prior to the end of the initial five (5) year term; and

Whereas, funding for the payments of the Lease will come from UT-K research operating funds and grants.

BE IT RESOLVED BY THE TENNESSEE STATE SCHOOL BOND AUTHORITY:

1. In accordance with the authority provided by Tennessee Code Annotated Section 49-3-1205(11), the Tennessee State School Bond Authority (the "Authority") gives its approval to UT-K to enter into the Lease.

BE IF FURTHER RESOLVED that all resolutions or parts of resolutions in conflict are repealed, and the resolution shall be effective as of April 26, 2022.

Adopted by the Authority at its meeting on April 26, 2022.

JASON E. MUMPOWER, SECRETARY
TENNESSEE STATE SCHOOL BOND AUTHORITY

UNIVERSITY OF TENNESSEE

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 2021-08-001

• **Proposed Lease**

- **Location:** University of Tennessee - Knoxville
Knox County – 1600 Accelerator Way, Knoxville, TN
- **Landlord:** University Health System, Inc. (UHS)
- **Term:** 5 years with one (1) five (5) year option to extend
- **Area / Costs:** 3,268 Square Feet

First Year Contract Rent:	\$68,628.00/yr	\$21.00/sf
Average Annual Contract Rent:	\$72,871.08/yr	\$22.30/sf
Estimated Annual Utility Cost:	\$5,710.00/yr	\$1.75/sf
Estimated Annual Janitorial Cost:	\$3,594.80/yr	\$1.10/sf
Total Annual Effective Cost:	\$82,175.88/yr	\$25.15/sf

- **Source of Funding:** Research operating funds and grants
- **Procurement Method:** Negotiated
- **FRF Rate:** 18.00/sf (for reference only)

Comment: A new 91,354 square foot ambulatory care/research facility is being built at UT Research Park at Cherokee Farm. UTK proposes to lease 3,268 square feet of space in the building for its' VOIs Healthcare Innovation LAb (VOILA!). VOILA! brings together UT faculty, staff, and students across multiple disciplines to develop solutions to healthcare challenges.

The new building will house OrthoTennessee's Orthopaedics Institute and includes surgical suites, a clinic and multiple physicians' offices. The University's space will house VOILA!-Ortho and will maximize the opportunity for collaboration among OrthoTennessee physicians and healthcare professionals and UT faculty, staff and students working on translational research and hands-on learning projects. This strategy of co-locating academic innovation teams and practitioners is consistent with best practices in translational research and innovation and yields the best possible outcomes.

The rental rate increases 3% per year. UHS will provide a \$45/sf tenant improvement allowance. The University will reimburse UHS for its' proportionate share of maintenance expenses, insurance costs, ground rent and property taxes.

Previous Action: 08/23/2021 Approved waiver of advertisement.

Agenda
Approval will need to be contingent on TSSBA approval

UNIVERSITY OF TENNESSEE

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Total Annual Effective Cost	\$82,175.88/yr	\$25.15/sf

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Comment: A new 91,354 square foot ambulatory care/research facility is being built at UT Research Park at Cherokee Farm. UTK proposes to lease 3,268 square feet of space in the building for its' VOIs Healthcare Innovation LAb (VOILA!). VOILA! brings together UT faculty, staff, and students across multiple disciplines to develop solutions to healthcare challenges.

The new building will house OrthoTennessee's Orthopedics Institute and includes surgical suites, a clinic and multiple physicians' offices. The University's space will house *VOILA!-Ortho* and will maximize the opportunity for collaboration among OrthoTennessee physicians and healthcare professionals and UT faculty, staff and students working on translational research and hands-on learning projects. This strategy of co-locating academic innovation teams and practitioners is consistent with best practices in translational research and innovation and yields the best possible outcomes.

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Previous Action: 08/23/2021 Approved waiver of advertisement.

SSC Report: [date] [Action taken at Staff Sub meeting]

EXECUTIVE SUMMARY

BACKGROUND

The University of Tennessee-Knoxville (UTK) proposes to lease 3,268 square feet in a new 91,354 square foot building being constructed at the UT Research Park at Cherokee Farm. OrthoTennessee is working in partnership with the University Health System, Inc. (aka University of Tennessee Medical Center) to build a new ambulatory care/research facility. The Orthopaedics Institute, as it is known, will include nine surgical suites, a clinic and multiple physicians' offices and is scheduled to be ready for occupancy in June 2022.

UTK's space would house the VOIs Healthcare Innovation Lab (VOILA!) which brings UT faculty, staff, and students together across multiple disciplines (e.g. biomedical engineering, kinesiology, nursing, vet medicine, and many others) to develop solutions to the most vexing healthcare challenges of our times. VOILA! faculty, staff, and students work side-by-side with clinicians and other healthcare professionals, health systems, and community, corporate and non-profit partners to develop innovative biomedical devices, diagnostics, interventions, and therapies to improve the health and wellbeing of the citizens, families and communities of Tennessee and others far beyond.

Faculty, staff and students engaged in VOILA!-Ortho, a new VOILA! program focused on innovations in orthopaedics, will work hand-in-hand with OrthoTennessee physicians and other healthcare professionals to develop solutions to real-world orthopaedic challenges in the surgical suite, in hospital and ambulatory care processes, and in patient recovery and rehabilitation.

The lease will provide space for UT faculty, staff and students with access to research labs and classroom-based and hands-on learning facilities essential to the development and implementation of real-world orthopaedic solutions, including clinical immersion opportunities, support for start-ups, understanding of regulatory requirements, prototyping, fundraising and more. Through this program, Vol innovators will develop the skills necessary to communicate effectively with clinicians and other healthcare professionals, as well as with investors and partners essential to translation success.

This space will maximize the opportunity for collaboration among OrthoTennessee physicians and healthcare professionals and UT faculty, staff and students working on translational research and hands-on learning projects. This strategy is consistent with best practices in translational research and innovation, in which the co-location of academic innovation teams and practitioners yields the best possible outcomes.

TERMS

The lease term is five (5) years with one (1) five (5) year option to extend. The landlord is offering a \$45/sf tenant improvement allowance. The average annual rent, including utilities and janitorial, is \$25.15/sf over the five-year term. The University will also reimburse the landlord for its' proportionate share of maintenance expenses, insurance costs, ground rent and property taxes.

The University can terminate the lease for convenience with 120-dyas notice but must reimburse the landlord for the unamortized balance of the tenant improvement allowance if the lease is terminated prior to the end of the initial five (5) year term. Waiver of advertisement was approved by ESC on 08/23/2021.

FUNDING

Research operating funds and grants

REQUEST

Review of a request for APPROVAL of the following LEASE for the rental of real property as required by TCA 12-2-115.

AGENCY:	
ALLOTMENT CODE:	COST CENTER:

This Instrument Prepared By:
 University of Tennessee
 Real Property & Space Administration
 5723 Middlebrook Pike
 Knoxville, TN 37996

LE NO.

NOTE: No hand written or interlineated changes to this Lease will override the printed text of this Lease.

This lease document is not effective or binding unless approved in accordance with all applicable laws.

LEASE

1. Date of this Lease: _____

Name and Address of Building:
1600 Accelerator Way
Knoxville, TN

2. Tenant: **University of Tennessee**

Landlord Name and Address:
University Health System, Inc.
2121 University Health System, Inc.
Knoxville, TN 37920

3. Leased Premises: space in the Building as identified herein, **Suite 320** and more particularly described on Exhibit B together with all Common Areas, including, without limitation, parking.

4. Rentable Square Feet: 3,268

5. Term of Lease: 5 year(s) and 0 month(s)
 Commencement Date of Lease Term
 (and of the obligations hereunder): TBD
 Expiration Date of Lease Term: _____
 If no fixed Commencement Date is inserted, the Commencement Date shall be set pursuant to Exhibit C. Tenant shall have the option to extend this Lease for an additional five (5) years with annual rental rate increases of three percent (3%) per year

6. Termination for Convenience: Tenant may terminate this Lease at any time by giving written notice to Landlord at least 90 days prior to the date the termination becomes effective; **provided, however, Tenant shall pay the unamortized balance of the Tenant Improvement Allowance.**

Monthly Rental Installments Table			
7. Lease Year(s)	Annual Rental	Monthly Rental Installments	Rental Rate Per Rentable Square Foot
1	\$68,628.00	\$5,719.00	\$21.00
2	\$70,686.84	\$5,890.57	\$21.63
3	\$72,807.45	\$6,067.29	\$22.28
4	\$74,991.67	\$6,249.31	\$22.95
5	\$77,241.42	\$6,436.78	\$23.64

8. **Utilities & Services:**
 All utilities are included in the Monthly Rental Installments.
 The following utilities are not included in the Monthly Rental Installments: _____
 Tenant is solely responsible for payment of the following separately metered utilities: electric gas water/sewer
 Janitorial services are not included in the Monthly Rental Installments.

9. **Improvements (check any that apply):** Tenant Improvement Allowance: **\$45.00** per Rentable Square Foot
 A. Existing Space (New Tenant or Renewal) B. Landlord to build out space pursuant to Exhibit D.

10. This Lease is a sublease pursuant to that certain lease [redacted] dated effective [redacted] by and between [redacted], as landlord, and Landlord, as tenant. If not checked, this paragraph is not applicable.

11. Attached hereto and incorporated herein for all purposes are the following additional exhibits:
 Exhibit A -- Lease Standard Terms and Conditions; Exhibit B -- Floor Plan;
 Other -- Exhibit C -- Commencement Date; Other -- Exhibit D -- Build-Out Terms _____

<p>LANDLORD:</p> <p>By: _____</p> <p>Date: _____</p> <p>Name: _____</p> <p>Title: _____</p>	<p>TENANT: UNIVERSITY OF TENNESSEE</p> <p>By: _____ Austin Oakes, Assistant Vice President</p> <p>Date: _____</p> <p>By: _____ Herbert H. Slatery III., Attorney General & Reporter (For Form and Legality)</p> <p>Date: _____</p>
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(Notary Acknowledgements Attached)

LANDLORD NOTARY

STATE OF TENNESSEE
COUNTY OF _____

Before me, _____, Notary Public in and for the County and State aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself/herself to be, the within named Landlord, and that he/she, executed the foregoing instrument for the purposes therein contained

Witness my hand and seal, at office in _____, Tennessee, this the ____ day of _____, 202____.

Notary Public

My Commission Expires: _____

TENANT NOTARY

STATE OF TENNESSEE
COUNTY OF DAVIDSON

Before me, _____, Notary Public in and for the County and State aforesaid, personally appeared **Austin Oakes**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself to be **Assistant Vice President of the University of Tennessee**, the within named Tenant, and that he as such representative, executed the foregoing instrument for the purposes therein contained and signed the name of the University of Tennessee, by himself as **Assistant Vice President of the University of Tennessee**.

Witness my hand and seal, at office in Nashville, Tennessee, this the ____ day of _____, 20____.

Notary Public

My Commission Expires: _____

EXHIBIT A

NOTE: No hand written or interlineated changes to this Lease will override the printed text of this lease.

In consideration of the mutual covenants and representations set forth in the Lease (the "Lease") and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties do hereby agree as follows. The capitalized terms used in this Exhibit A shall have the meaning assigned to such terms in the Lease, unless another meaning is assigned to such terms in this Exhibit A.

1. DEMISE. Upon the terms and conditions hereinafter set forth and as set forth in the Lease, Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, the Leased Premises for the Term of the Lease. Landlord represents and warrants to Tenant that Landlord has the right to lease the Leased Premises to Tenant pursuant to the terms of the Lease. Landlord further represents and warrants to Tenant that there are no easements, covenants, restrictions or other agreements or instruments encumbering the Leased Premises that (i) contain any pre-approval rights relating to this Lease (including any lender approval rights) which have not been secured by Landlord, or (ii) would interfere with or restrict Tenant's ability to use the Leased Premises for office, research and any other purpose permissible under applicable law (the "Permitted Use"). Landlord further represents and warrants to Tenant that (x) the use of the Leased Premises for the various purposes for which it is presently being used is permitted under all applicable zoning legal requirements and (y) all utilities necessary for the use of the Leased Premises for the various purposes for which it is presently being used are being supplied to the Building via publicly dedicated utility easement areas.

2. RENT. The Monthly Rental Installments for the Lease of the Leased Premises shall be payable in arrears on the last day of each and every month during the term hereof to Landlord at Landlord's address as set forth on the Lease, provided Landlord has submitted a completed the ACH Form (as defined below) to Tenant. Landlord shall not invoice Tenant for services until Landlord has completed this form and submitted it to Tenant. The Monthly Rental Installments shall be prorated for any partial calendar month during the Term.

No payment shall be made by Tenant under this Lease until Tenant has received the following documentation properly completed:

1. Landlord shall complete, sign and present to Tenant an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by Tenant. By doing so, Landlord acknowledges and agrees that, once said form is received by Tenant, all payments to Landlord, under this or any other contract Landlord has with Tenant shall be made by Automated Clearing House (ACH).

2. Landlord shall complete, sign and present to Tenant a "Substitute W-9 Form" provided by Tenant. The taxpayer identification number detailed by said form must agree with Landlord's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Lease.

Landlord agrees that the Rent provided under the terms of this Section 2 is based in part upon the costs of the services, utilities, and supplies to be furnished by Landlord pursuant to Section 3 hereof and that should Tenant vacate the Leased Premises prior to the end of the term of this Lease, or, if after notice in writing from Tenant, all or any part of such services, utilities or supplies for any reason are not used by Tenant, then, in such event, the Monthly Rental Installments as to each month or portion thereof as to which such services, utilities or supplies are not used by Tenant shall be reduced by an amount equal to the average monthly costs of such unused services, utilities or supplies during the six-month period immediately preceding the first month in which such services, utilities or supplies are not used.

3. LANDLORD'S OBLIGATIONS.

A. Utilities:

Landlord shall, at Landlord's expense, furnish all utilities to the Leased Premises, including electrical, gas, water and sewer, heat, ventilation, and air conditioning in capacities sufficient for the Permitted Use; provided, however, Tenant shall be responsible for telephone and data services. Electrical, gas, water and sewer, must be provided on a 24 hours per day, 7 days a week basis. Heat, ventilation and air conditioning must be provided at least during the hours of 6:00am-7:00pm, Monday through Friday; provided, however, that the temperature of the telecom closet on the Leased Premises at all times shall be maintained between 64 and 75 degrees with a relative humidity range of 30-55%.

B. Maintenance

Landlord shall, at Landlord's expense, and as required to keep the Building and the Leased Premises in a good, attractive and safe condition, maintain and repair, in a good and workmanlike manner and in compliance with all replacement and maintenance schedules followed by prudent landlords of commercial buildings, (i) the Building, including, but not limited to, the repair, maintenance and replacement of the roof, foundation and exterior and load-bearing walls; (ii) the mechanical, plumbing and electrical systems, including, but not limited to, air conditioning, heating, plumbing, wiring and piping and all filters, valves and other components; (iii) the exterior of the Building and the land upon which the Building is located, including any landscaped areas, parking areas and driveways, including, but not be limited to the following: weekly lawn cutting during the growing season, debris pick-up, leaf removal, mulching of planting beds, maintain any landscaping, daily snow and ice removal from parking areas and entrances to the Leased Premises; (iv) elevators, if any; (v) interior of the Building and the Leased Premises, including but not limited to repair, maintenance, patching, mold, mildew, and moisture removal, and painting of the walls, floors, ceilings, carpet and other surfaces; (vi) all lighting components, including but not limited to, furnishing and monthly replacement of electrical light bulbs. Landlord shall also, at Landlord's expense, furnish and maintain appropriate outside trash and refuse receptacles for the disposal of trash and refuse from the Leased Premises. Furthermore, Landlord shall have maintenance personnel available to respond to routine calls within twenty-four (24) hours and emergency calls within four (4) hours. "Emergency" repair or maintenance calls shall include, but not be limited to, situations involving HVAC, electrical, plumbing, roof leaks, utility disruptions, ingress and egress, and environmental issues. Tenant shall be permitted to maintain, inspect, repair and replace any equipment or fixtures installed by Tenant on the Leased Premises (the "Tenant Maintenance"), and Landlord shall hold Tenant harmless for any damage to the Leased Premises caused by the Tenant Maintenance.

C. Insurance

Landlord shall, at Landlord's expense, maintain fire and extended coverage insurance on Leased Premises, in an amount not less than the full replacement cost of the Building, and comprehensive general liability insurance coverage in the sum of One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) per annual aggregate against any and all liability, loss or damage arising from any injury or damage to any person or property occurring in or about the Leased Premises or the Building resulting from Landlord's negligence or matters arising for reasons beyond Tenant's control. The policies described in this Section shall name Tenant as an additional insured. Annually, Landlord shall furnish Tenant with a certificate of such coverage which shall provide that thirty (30) days' advance written notice shall be given to Tenant in the event of cancellation or material change in the insurance policies maintained as required herein.

D. Taxes

Landlord shall be responsible for payment of all real estate taxes assessed against the Building or land on which the Building is located, as well as all applicable local, state and federal income taxes which are or may be payable by Landlord. Landlord, by virtue of leasing property to Tenant, does not become a State of Tennessee agency, entity, or employee and is not entitled to any rights, privileges or immunities pertaining to the State or its agencies and instrumentalities.

E. Janitorial

Landlord shall, at Landlord's expense, provide janitorial services to the Leased Premises in accordance with the following schedule:

- i. Daily: Dust all furniture, counters, cabinets and window sills; sweep and/or vacuum all floors; empty all wastebaskets and ashtrays; dispose of all rubbish; clean and maintain in sanitary condition all restrooms and plumbing fixtures; sweep sidewalks, stairways and halls; and stock supplies.
- ii. Weekly: Mop all floors and dust all Venetian blinds; and vacuum carpets, if any.
- iii. Quarterly: Strip and wax all floors, if not carpeted.
- iv. Semi-Annually: Wash all windows, venetian blinds, light fixtures, walls and painted surfaces and clean all carpeted areas via commercial hot water extraction or commercial chemical dry cleaning.

F. Pest Control

Landlord shall, at Landlord's expense, provide monthly interior and quarterly exterior pest extermination services. All such services shall be performed after normal business hours.

Tenant shall reimburse the Landlord (monthly or **annually**) for the costs of Sections 3A, 3B, 3C, 3D, 3E and 3F associated with and properly allocable to the Leased Premises. For Section 3.D. this reimbursement only applies real estate taxes assessed on the Building or land. The Landlord shall provide the Tenant, on an annual basis at the end of each year of the term of this Lease, a detailed list of costs subject to reimbursement under these sections. In order for any expenses to be reimbursable hereunder by the Tenant, the costs incurred by the Landlord must have been reasonable and necessary. The Landlord shall maintain documentation for all charges against the Tenant under this Lease. The books, records and documentation of the Landlord, insofar as they relate to reimbursement by the Tenant for costs incurred, whether in whole or in part, shall be maintained in conformity with generally accepted accounting principles for a period of five (5) full years from the date of what amounts to the final payment under this Lease, and shall be subject to audit, at any reasonable time and upon reasonable notice by the Comptroller of the Treasury or his duly appointed representative or a licensed independent public accountant.

In addition, annually Tenant shall reimburse Landlord a management fee estimated to be \$0.90 per square foot in year one of the lease and \$0.80 per square foot for costs associated with the Landlord's ground lease.

4. TENANT'S OBLIGATIONS. In addition to the said rent to be paid, Tenant also agrees to pay directly during the term of the Lease, commencing on the Commencement Date, the following items of expense as the same become due and payable:

B. The cost to service, keep and maintain the interior, including fixtures, doors, interior walls and appurtenances in good condition, repair and working order.

D. All service costs and installations of all telephone or data services.

5. IMPROVEMENTS. Tenant shall have the right during the existence of the Lease to make alterations, attach fixtures and erect additions, structures or signs in or upon the Leased Premises. Such fixtures, additions, structures or signs so placed in or upon or attached to the Leased Premises under the Lease or any prior lease of the Leased Premises by Tenant shall be and remain the property of Tenant and may be removed therefrom by Tenant prior to the termination or expiration of this Lease or any renewal or extension thereof, or within a reasonable time thereafter.

6. TERMINATION FOR CAUSE. Tenant may in its sole discretion terminate this Lease at any time for any of the following causes: (a) Landlord's failure to disclose any conflict or potential conflict of interest existing at the date of this Lease or hereafter created; (b) termination or consolidation of Tenant's operations or programs housed in the Leased Premises because of loss of funding; (c) lack of funding by the appropriate Legislative Body for obligations required of Tenant under this Lease; (d) misrepresentations contained in the response to the request for proposal or committed during the negotiation, execution or term of this Lease; (e) failure to comply with the assertions and promises set forth in the response to the request for proposals; (f) the availability of space in Tenant-owned property, provided that no cancellation for this reason may take place until the Lease has been in effect for one year; and (g) any default by Landlord which is not adequately remedied in accordance with **Section 8** hereof. Notwithstanding the foregoing, all terms and conditions of the Lease are made subject to the continued appropriations by the appropriate Legislative Body.

7. ENVIRONMENTAL PROVISIONS. Following due inquiry, Landlord represents that there are no hazardous substances or hazardous wastes as defined by the Comprehensive Environmental Response and Liability Act or any hazardous wastes as defined by the Resource Conservation and Recovery Act, or any mold, PCB's, radon or asbestos containing materials, located on, in or about the Leased Premises to be occupied by Tenant. Landlord agrees that should any hazardous wastes, hazardous substances, mold, PCB's, radon or asbestos containing materials be determined to be present as a result of the acts or omissions or negligence of any person or legal entity, other than Tenant, Landlord shall indemnify, hold harmless and defend Tenant from all claims, damages, expenses or litigation resulting from the presence of such materials. If Tenant reasonably believes that hazardous substances may be present in the Leased Premises or the Building, Landlord will engage, at its expense, a qualified third party engineer to conduct an appropriate environmental survey. If hazardous substances are found or such survey indicates a risk of such hazardous substances being present in the Leased Premises or Building, then Landlord, at its expense, will make all necessary changes and/or corrections so that the Building and/or the Leased Premises are in compliance with all environmental laws and regulations. In the event Landlord discovers hazardous materials on the Leased Premises during the Term of this Lease, Landlord shall promptly notify Tenant.

8. DEFAULT. Tenant shall be in default of the terms of the Lease if Tenant shall fail to make a payment of any rent or additional rent, and such rent or additional rent is not paid within ten (10) days of written notice by Landlord to Tenant of non-payment of same, or in the event that Tenant shall otherwise commit an act of default under the terms hereof, and shall not cure such default within thirty (30) days of written notice by Landlord to Tenant of such default, or, if it is not possible to complete the cure by such time, Tenant has not commenced the cure within such 30 day period and does not thereafter diligently pursue the same to completion within a reasonable time thereafter. In the event of default by Tenant hereunder:

- A. Landlord may continue the Lease in full force and effect and shall have the right to collect rent when due. During the term Tenant is in default, Landlord may re-enter the Leased Premises with legal process and relet same, or any part thereof, to third parties for Tenant's account. Tenant shall pay to Landlord the rent due under the Lease on the date such rent is due, less the rent Landlord receives from any reletting. Landlord shall make its best efforts to relet the Leased Premises at a reasonable price. Under this paragraph, Tenant's obligations shall not exceed the total rent due for the remainder of the term.
- B. Landlord may terminate the Lease pursuant to the terms of this Section. Upon termination, Landlord shall have the right to collect an amount equal to all expenses, if any, not including attorneys' fees, incurred by Landlord in recovering possession of the Leased Premises and all reasonable costs and charges for the care of the Leased Premises while vacated by Tenant.

Except as specifically set forth herein, Landlord shall be in default of the terms of the Lease if Landlord shall commit an act of default under the terms hereof, and shall not cure such default within twenty (20) days of written notice by Tenant to Landlord of such default, or, if it is not possible to complete the cure by such time, Landlord has not commenced the cure within such 20 day period and does not thereafter diligently pursue the same to completion within a reasonable time thereafter. In the event of a default by Landlord hereunder, Tenant may, in addition to all rights and remedies available at law or in equity, (i) cure such default and deduct any reasonable and necessary amounts incurred by Tenant in connection therewith from the rent next due by Tenant hereunder with the presentment of receipts for such reasonable and necessary actions, or (ii) terminate the Lease. Notwithstanding the foregoing, in the event that Tenant is unable, in its reasonable judgment, to operate in the Leased Premises as a result of the failure by Landlord to satisfy its obligations pursuant to Section 3 hereof (A) for a period of more than forty eight (48) consecutive hours, then the rent shall abate during the entire period of the disruption and Tenant shall have the right to terminate the Lease in the event Landlord remains unable to satisfy its obligations pursuant to Section 3 hereof for a period of more than ten (10) consecutive days; or (B) more than ten (10) days during any twelve (12) month period, then Tenant shall have the right to terminate the Lease.

9. END OF TERM. At the termination of this Lease, Tenant shall surrender its interest in the Leased Premises to Landlord in as good condition and repair as reasonable use thereof will permit, ordinary wear and tear excepted, and will leave the Leased Premises broom clean. Tenant shall have the right, prior to said termination, to remove any equipment, furniture, trade fixtures or other personal property in the Leased Premises owned by Tenant, provided that Tenant promptly repairs any damage to the Leased Premises caused by such removal. In the event of holding over by Tenant after the expiration or termination of the Term of this Lease, Tenant shall pay rent at the then-current rate for rent as set forth in the Lease, on a monthly basis and the Term of this Lease shall be automatically extended for successive periods of one (1) year each; provided that during any automatically extended period following the expiration of the Term of this Lease, Landlord and Tenant shall each have the right to terminate this Lease by delivering written notice to the other at least ninety (90) days prior to the desired expiration date.

10. MISCELLANEOUS. The article captions contained in the Lease are for the convenience of the parties only and shall not be considered in the construction or interpretation of any provision hereof. Landlord and its agents shall have reasonable access to the Leased Premises during all reasonable business hours for the purpose of examining same to ascertain if they are in good repair and to make reasonable repairs which Landlord may be required to make hereunder. The making of repairs by Landlord or its agents shall be coordinated with Tenant to minimize disruptions of Tenant's conduct of business in the Leased Premises. The Lease contains the entire agreement between the parties and supersedes any and all other prior oral and written agreements between the parties regarding the subject matter contained herein and may not be changed or terminated orally but only by agreement in writing and signed by all parties. Landlord and Tenant acknowledge and agree that (i) all exhibits referenced in the Lease (or in any of its exhibits) are incorporated into the Lease by reference, and (ii) any reference to "the Lease," "this Lease," "hereunder," "herein" or words of like import shall mean and be a reference to the Lease including such exhibits. No waiver by either party shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provision. The Lease shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors, assigns, executors and administrators. Landlord has provided to Tenant a list of names and addresses of persons, associations, or corporations who hold any financial interest in the Leased Premises; such list shall be immediately revised in the event of a transfer of any such interest. The Lease Proposal Package from which this lease originated and the Landlord's response to the Lease Proposal Package (collectively, the "Proposal Package") is hereby incorporated in the Lease; provided, however, that in the event of any conflict between the terms of the Proposal Package and the Lease, the terms of the Lease shall control.

11. **DAMAGE OR DESTRUCTION.** If the Leased Premises are damaged by fire or other casualty, the damage shall be repaired by and at the expense of Landlord (excluding any personal property which is owned by Tenant), provided that such repairs can, in Landlord's opinion, be made within sixty (60) days after the occurrence of such damage. Landlord shall notify Tenant within fifteen (15) days of the event of casualty of its determination. Until such repairs are completed, the rent shall be abated in proportion to the part of the Leased Premises rendered unusable, but there shall be no abatement of rent for a period equal to one (1) day or less. If such repairs cannot, in Landlord's opinion, be made within sixty (60) days and Landlord nonetheless chooses to repair, then Tenant may, at its option, continue as Tenant under the Lease until such repairs are completed, during which time all rent shall abate, or Tenant may terminate the Lease. A total destruction of the Building in which the Leased Premises are located shall automatically terminate the Lease. Total destruction of the Building shall be defined as damage greater than fifty percent (50%) of the then replacement value thereof.

12. **NOTICES.** Any notice required or permitted to be given hereunder shall be sufficiently given if personally served, sent by registered or certified mail, or by reputable overnight courier, addressed to the relevant party at the addresses specified in the Lease, for Landlord,

and for Tenant to:

The University of Tennessee
Real Property & Space Administration
5723 Middlebrook Pike
Knoxville, TN 37996.

13. **QUIET ENJOYMENT.** Landlord warrants and shall defend Tenant in the quiet enjoyment and possession of the Leased Premises during the term and any extension or renewal thereof.

14. **SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE.** Tenant agrees that the Lease and all rights of Tenant hereunder are and shall be subject and subordinate to any ground or underlying lease which may now or hereafter be in effect regarding the Building or any component thereof, to any mortgage now or hereafter encumbering the Leased Premises or the Building or any component thereof, to all advances made or hereafter to be made upon the security of such mortgage, to all amendments, modifications, renewals, consolidations, extensions and restatements of such mortgage, and to any replacements and substitutions for such mortgage (collectively, "Mortgages"); provided as a condition to such subordination, any holder of the Mortgage must enter into a Subordination, Non-Disturbance and Attornment Agreement with Tenant in form reasonably acceptable to Tenant. In the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, or in the event of a deed in lieu of foreclosure with respect to any Mortgage covering the Leased Premises or the Building, or in the event of termination of any Lease under which Landlord may hold title, Tenant shall, at the option of transferee, attorn to such transferee and shall recognize and be bound and obligated hereunder to such person as Landlord under the Lease, unless the Lease is terminated. Notwithstanding anything contained herein to the contrary, so long as Tenant is not in default in the payment of rent, or in the performance of any of the other terms, covenants or conditions of the Lease beyond any applicable cure periods, no mortgagee or similar person shall disturb Tenant in its occupancy of the Leased Premises during the original or any renewal term of the Lease notwithstanding any event or proceedings described in this section.

15. **APPROVALS.** Neither this Lease nor any amendment or modification hereto shall be effective or legally binding upon Tenant, unless and until a fully executed, original Lease has been returned to Tenant and the review and approval by all appropriate State officials and the State Building Commission, if applicable has been obtained.

16. **COMPLIANCE WITH LAWS.** Landlord represents and warrants to Tenant that as of the date of execution of this Lease, the Building complies with the provisions of the Americans with Disabilities Act (ADA) in all material respects. Landlord hereby indemnifies and holds harmless Tenant from and against all costs, liabilities, and causes of action occurring or arising as a result of Landlord's failure to comply with any of the requirements of the ADA or similar laws or as a result of any violation of any of the requirements of the ADA or similar laws by Landlord or its agents. Landlord shall provide all life safety equipment, including but not limited to, fire extinguishers and smoke alarms, in compliance with applicable municipal building codes.

17. **FORCE MAJEURE.** With the exception of the obligation of Tenant to pay rent and all other amounts that may be due from time to time under this Lease, if either party shall be delayed or hindered in or prevented from doing or performing any act or thing required hereunder by reason of any matters beyond the reasonable control of such party, then such party shall not be liable or responsible for any such delays and the doing or performing of such act or thing shall be extended for a period equivalent to the period of such delay. In such event, this Lease and the obligations of both parties to perform and comply with all of the other terms and provisions of this Lease shall in no way be affected, impaired, or excused.

18. **RECORDS RETENTION.** Landlord shall maintain documentation for all charges against Tenant under the Lease. The books, records and documentation of Landlord, insofar as they relate to reimbursement by Tenant for costs incurred, whether in whole or in part, shall be maintained in conformity with generally accepted accounting principles for a period of three (3) full years from the date of what amounts to the final payment under this Lease, and shall be subject to audit, at any reasonable time and upon reasonable notice by the Comptroller of the Treasury or his duly appointed representative or a licensed independent public accountant.

19. **SPACE AUDIT.** Landlord certifies that the rentable square feet set forth in the Lease is accurate to the best of its knowledge. Tenant reserves the right to perform physical measurements of the Leased Premises and adjust the Monthly Rental Installments proportionally based upon such measurements. Tenant shall use the current Building Owner's and Manager's Association standards of measurements for either single or multi-tenant occupancy, whichever is applicable.

20. **COMMON AREAS.** During the Term of the Lease, Landlord agrees that Tenant and its employees, agents, invitees and visitors shall have the non-exclusive right to use the Common Areas and Shared Conference Room on

the 3rd floor for their intended purpose. Except for repairs, maintenance and replacements required under this Lease, Landlord shall not materially alter (or permit the material alteration of) any entrances, exits, corridors, sidewalks or hallways providing access to or from the Leased Premises. Landlord represents and warrants to Tenant that the Common Areas include all areas which are necessary for the use of the Leased Premises for its current use. As used herein, "Common Areas" means all portions of the Building intended for the general use or benefit of tenants or owners of the Building, and their employees, agents, and visitors, including, without limitation, all entrances, common corridors, parking areas, loading and unloading areas, trash areas, roadways, walkways, sidewalks and driveways.

EXHIBIT B
FLOOR PLAN

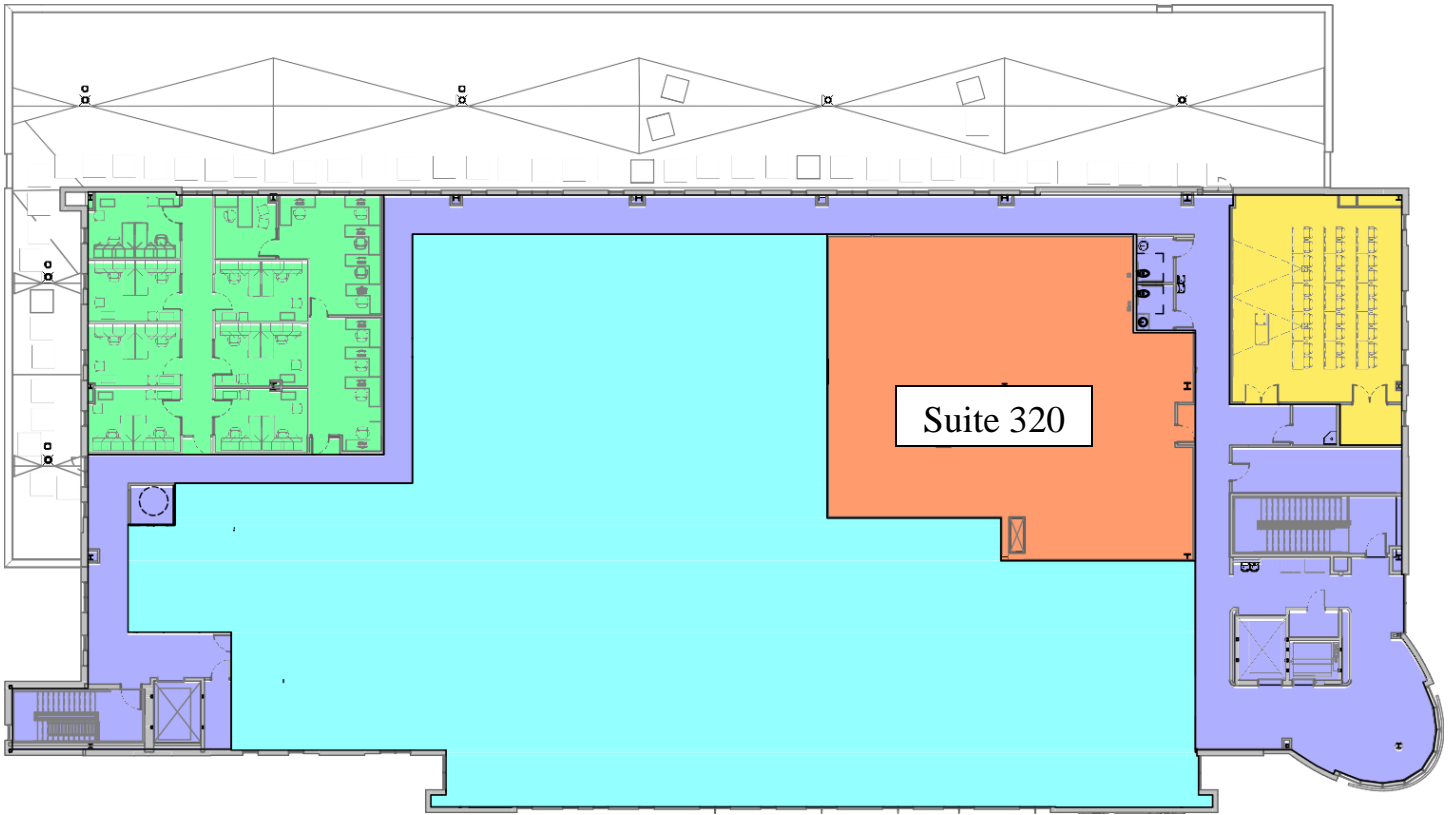


EXHIBIT C
COMMENCEMENT DATE

Commencement Date Agreement

RE: Lease dated as of _____, by and between _____, as
Landlord, and the University of Tennessee, as Tenant.

Dear Sirs:

Pursuant to the terms of the above captioned Lease, please be advised as follows:

1. The Commencement Date of the Lease Term is the ____ day of _____, 202__, and the Expiration Date of the Lease Term is the ____ day of _____, _____, subject however to the terms and provisions of the Lease.
2. Terms denoted herein by initial capitalization shall have the meanings ascribed thereto in the Lease.

LANDLORD

By: _____

Title: _____

ACKNOWLEDGED AND AGREED:

University of Tennessee

By: _____

Title: _____

EXHIBIT D
BUILD OUT TERMS

1. Tenant's space needs and conceptual renovations are attached to this Exhibit D. Landlord's architect will meet with Tenant to refine these conceptual renovations. Landlord will provide a schedule for all work within f _____ (____) days of execution of this Amendment.
2. Landlord shall cause to be prepared by Landlord's architect or engineer the following:
 - (a) Detailed working drawings and specifications, including mechanical and electrical plans and specifications where necessary for the installation of air conditioning system and ductwork, heating, electrical, plumbing and other engineering plans (collectively, the "Plans"), for Landlord's build-out of the Leased Premises (the "Landlord's Work"); and
 - (b) Any subsequent modifications to the construction documents and specifications required by Landlord or requested by Tenant and agreed to by Landlord.
2. Landlord shall submit for Tenant's approval the Plans within ____ (____) days of the date of this Lease. If Tenant has not approved the Plans within fifteen (15) days of receipt, then the Plans shall be deemed disapproved. If Tenant disapproves the Plans, Landlord shall revise and resubmit the same to Tenant for approval within ten (10) business days following receipt of Tenant's disapproval, which process shall continue until the Plans are approved. A copy of the Plans shall be attached to the Lease as Exhibit E.
3. Any approval by Tenant of or consent by Tenant to any plans, specifications or other items to be submitted to and/or reviewed by Tenant pursuant to this Lease shall be deemed to be strictly limited to an acknowledgment of approval or consent by Tenant thereto and such approval or consent shall not constitute the assumption by Tenant of any responsibility for the accuracy, sufficiency or feasibility of any plans, specifications or other such items and shall not imply any acknowledgment, representation or warranty by Tenant that the design is safe, feasible, structurally sound or will comply with any legal or governmental requirements, and Landlord shall be responsible for all of the same.
4. Landlord will provide a Tenant Improvement Allowance of \$45 per square foot or \$147,060.00 for Landlord's Work. Tenant is responsible for the cost of Landlord's Work that exceeds this amount.
5. Landlord's Work requested by Tenant and approved by Landlord shall be performed (i) by Landlord's contractor or another contractor approved by Landlord, (ii) in a good and workmanlike manner, and (iii) in accordance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Leased Premises. Landlord agrees to request three bids from qualified contractors for the Landlord's work. Preference will be given to the lowest cost option unless this contractor is unable to meet the delivery date, has not demonstrated the ability to meet applicable codes and laws, or other reasons deemed significant by Landlord or Tenant. Prior to executing the construction contract, Landlord will seek approval from Tenant in writing. Once executed, any changes to the scope of work, schedule or budget must be approved by Tenant. Tenant assumes no liability for change orders that were not approved by Tenant prior to the work being completed.
6. During Landlord's work and on a monthly basis, Landlord will provide to Tenant copies of invoices indicating the work that was completed, the percent completion of the work, the amount paid and the remaining balance in the construction contract.
7. Landlord will cause Landlord's Work set forth in the Build Out Plans to be substantially completed and for occupancy within _____ (xx) days of Tenant's approval of the Build Out Plans. If Landlord's Work is not substantially complete and the Certificate of Occupancy has not been received by Landlord by such time, then Tenant, in its sole discretion, shall have the right to terminate the lease.
8. Landlord will allow Tenant's contractor to install telecommunications, fiber optic, and other cabling to support Tenant's audio and video needs while Landlord's Work is occurring.

Outline of Space Needs –

- Two Offices
- Four exam rooms with sinks
- Large open area with movable wall partitions
- 240V Power

**RESOLUTION TO APPROVE THE BORROWING OF
MONEY BY ANOTHER METHOD BY THE UNIVERSITY
OF TENNESSEE**

Recitals

Whereas, the University of Tennessee, Saint Francis Family Medicine Program (the “Program”) began training residents in 1975 and is a national leader in preparing physicians for the full spectrum of Family Medicine; and

Whereas, the Program is administered by the Department of Family Medicine (the “Department”) of the University of Tennessee Health Science Center College of Medicine in Memphis (“UT”) and is based in AMISUB (SFH), Inc. d/b/a Saint Francis Hospital (“SFH”), a large community hospital in east Memphis; and

Whereas, the Program enjoys the strong support of SFH’s medical staff; and

Whereas, The Family Medicine Center (the “Center”) is located at 1301 Primacy Parkway, Memphis adjacent to SFH and the Center houses a 4-room procedure suite where the Department trains its residents in colposcopy, ultrasound, Essures, etc.; and

Whereas, the Department’s philosophy is to provide an educational atmosphere that enables residents to mature into well-rounded family physicians who are life-long learners; and

Whereas, the Program trains students and residents who are caring, compassionate, and competent; and

Whereas, the current lease (the “Current Lease”) between SFH, as lessor, and UT, as lessee, provides space to co-locate both the academic and clinical care functions of the Department along with its administrative functions. This provides for better efficiency for the Departmental administration and oversight of the programs; and

Whereas, the Current Lease expires on May 15, 2022 and has one (1) five (5) year extension option; and

Whereas, UT wishes to exercise such extension option and amend and extend the Current Lease upon the following terms (the “Amended Lease”): a term of five (5) years for 24,031 rentable square feet at a first-year rate of fifteen dollars and no cents (\$15.00) per square foot, a first-year monthly cost of thirty thousand thirty-eight dollars and seventy-five cents (\$30,038.75) and a first-year annual cost of three hundred sixty thousand and four hundred sixty-five dollars and no cents (\$360,465.00) with an annual three per cent (3%) rental cost increase for an annual rental effective rate for the term of the Amended Lease of fifteen dollars and ninety-three cents (\$15.93) per square foot or three hundred eighty-two thousand seven hundred and fifty-one dollars and fifty-three cents (\$382,751.53) per year; and

Whereas, UT is also responsible for payment of utilities costs and janitorial service and SFH will provide a renovation allowance of seven dollars and fifty cents (\$7.50) per square foot or one hundred eighty thousand two hundred thirty-two dollars and fifty cents (\$180,232.50) to be used in the first year of the Amended Lease; and

Whereas, UT proposes to allocate a portion of the Amended Lease costs (the “Sublease”) to University Clinical Health (a/k/a UT Medical Group) to account for UT Medical Group’s activity in the Center and of the Center’s 24,031 rentable square feet, 8,694 square feet is space that supports clinical activities and the Sublease will offset a portion of the Amended Lease costs by mirroring the

terms of the Amended Lease with first-year rent of ten thousand eight hundred sixty-seven dollars and fifty cents (\$10,867.50) per month or one hundred thirty thousand four hundred ten dollars and no cents (\$130,410.00) per year with an annual three per cent (3%) rental cost increase; and

Whereas, either party may terminate the Amended Lease with one hundred and twenty (120) days' written notice; and

Whereas funding for payments of the Amended Lease will come from practice revenues and state appropriations for treatment of patients.

BE IT RESOLVED BY THE TENNESSEE STATE SCHOOL BOND AUTHORITY:

1. In accordance with the authority provided by Tennessee Code Annotated Section 49-3-1205(11), the Tennessee State School Bond Authority (the "Authority") gives its approval to UT to enter into the Amended Lease.

BE IF FURTHER RESOLVED that all resolutions or parts of resolutions in conflict are repealed, and the resolution shall be effective as of April 26, 2022.

Adopted by the Authority at its meeting on April 26, 2022.

JASON E. MUMPOWER, SECRETARY
TENNESSEE STATE SCHOOL BOND AUTHORITY

UNIVERSITY OF TENNESSEE

Acquisition – Lease Amendment

Requested Action: Approval of a lease amendment

Transaction Description: Transaction No. 17-04-900

● **Proposed Amendment**

○ **Term:** 10 years (May 16, 2017 – May 15, 2027)

○ **Area / Costs:** 24,031 square feet

Year 6 Contract Rent:	\$360,465.00	\$15.00/sf
Average Annual Contract Rent:	\$373,182.74	\$15.53/sf
Estimated Annual Janitorial Cost: (Years 6-10)	\$26,434.10	\$1.10/sf
Total Average Annual Effective Cost:	\$451,239.88 \$386,399.79	\$18.78/sf \$16.08/sf

● **Current Lease**

○ **Location:** University of Tennessee Health Science Center (UTHSC)

Shelby County – 1301 Primacy Parkway, Memphis, TN

○ **Landlord:** AMISUB (SFH), Inc. d/b/a St. Francis Hospital

○ **Term:** 5 years (May 16, 2017 – May 15, 2022) with one (1) five (5) year extension

○ **Area / Costs:** 24,031 square feet

First Year Contract Rent:	\$342,441.75/yr	\$14.25/sf
Average Annual Contract Rent: (includes utilities and janitorial)	\$363,589.03/yr	\$15.13/sf

● **Source of Funding:** Practice Revenues and State Appropriations for treatment of patients

● **Procurement Method:** Negotiated

● **FRF Rate:** \$18.00/sf (for reference only)

Comment:

This space is used by the UTHSC College of Medicine for a residency program. The University seeks to exercise the five (5) year extension option under the current lease agreement. A waiver of advertisement is requested as this space was built out for this use and is adjacent to Saint Francis Hospital (SFH). The rental rate increases 3% per year. SFH will provide a \$7.50/sf **tenant improvement** allowance for renovations **in the first year**.

UTHSC plans to sublease 8,694 square feet to University Clinical Health (a.k.a UT Medical Group) to account for their activity in this facility. A separate request will be submitted for this action.

Either party may terminate this lease with 120-days prior written notice.

Previous Action: 04/24/2017 Approved a lease with waiver of advertisement and appraisals

Agenda

Approval will need to be contingent on TSSBA approval

UNIVERSITY OF TENNESSEE

Acquisition – Lease Amendment

Requested Action: **Approval of a lease amendment**

Transaction Description: Transaction No. 17-04-900

● **Proposed Amendment**

○ **Term:** 10 years (May 16, 2017 – May 15, 2027)

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○ **Location:** University of Tennessee Health Science Center (UTHSC)

Shelby County – 1301 Primacy Parkway, Memphis, TN

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Average Annual Contract Rent (includes utilities and janitorial)	\$363,589.03/yr	\$15.13/sf

● **Source of Funding:** Practice Revenues and State Appropriations for treatment of patients

● **Procurement Method:** Negotiated

● **FRF Rate:** \$18.00/sf (for reference only)

Comment: This space is used by the UTHSC College of Medicine for a residency program. The University seeks to exercise the five (5) year extension option under the current lease agreement. A waiver of advertisement is requested as this space was built out for this use and is adjacent to Saint Francis Hospital (SFH). The rental rate increases 3% per year. SFH will provide a \$7.50/sf TI allowance for renovations.

UTHSC plans to sublease 8,694 square feet to University Clinical Health (a.k.a UT Medical Group) to account for their activity in this facility. A separate request will be submitted for this action.

Either party may terminate this lease with 120-days prior written notice.

Previous Action: 04/24/2017 Approved a lease with waiver of advertisement and appraisals.

SSC Report: 05/17/2021

Lease Extension
University of Tennessee Health Science Center
and St. Francis Hospital – AMISUB, Inc.

EXECUTIVE S U M M A R Y

BACKGROUND

The University of Tennessee, Saint Francis Family Medicine Program began training residents in 1975 and is a national leader in preparing physicians for the full spectrum of Family Medicine. The residency is administered by the Department of Family Medicine of the College of Medicine in Memphis and is based in Saint Francis Hospital, a large community hospital in east Memphis (AMISUB, Inc.). The Family Medicine residency is unopposed in the hospital and enjoys the strong support of the medical staff. The Family Medicine Center is located at 1301 Primacy Parkway, Memphis, TN adjacent to the hospital. It houses a 4-room procedure suite where we train our residents in colposcopy, ultrasound, Essures, etc. Our philosophy is to provide an educational atmosphere that enables residents to mature into well-rounded family physicians who are life-long learners. The program trains students and residents who are caring, compassionate, and competent.

The current lease provides space to co-locate the academic / clinical care functions of the department along with the administrative functions. This provides for better efficiency for the departmental administration and oversight of the programs. The lease with St. Francis expires on May 15, 2022 and has one (1) five (5) year extension option.

LEASE AMENDMENT TERMS

The University proposes to amend and extend the existing lease of 24,031 rentable square foot at a rate of \$15.00 per square foot five (5) years. The monthly cost of the lease will be \$30,038.75 with an annual cost of \$360,465.00. The lease calls for an annual 3% increase in the rate and the annual effective rate is \$15.93 per square foot or \$382,751.53 per year. The University is also responsible for payment of utilities costs and janitorial service.

St. Francis will provide a renovation allowance of \$7.50 per square foot or \$180,232.50 to be used in the first year of the lease renewal.

Either party may terminate the lease with 120-days prior written notice.

SUBLEASE

The University proposes to allocate a portion of the lease costs to University Clinical Health (a.k.a. UT Medical Group) to account for their activity in the facility. Of the 24,031 rentable square feet, 8,694 square feet represents space that supports clinical activities. This sublease will offset a portion of the lease costs noted above by \$10,867.50 per month or \$130,410 per year. The sublease will include a 3% annual increase in the lease rate.

FUNDING

Existing state appropriations of the University of Tennessee and patient care revenue generated at the facility.

REQUEST

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115 and a SUBLEASE of space.

UNIQUE SPACE JUSTIFICATION

The College of Medicine proposes to lease space owned by AMISUB, Inc. and located at 1301 Primacy Parkway, Memphis, Tennessee.

The Department of Family Medicine has a long-standing affiliation with St. Francis Hospital and has located their teaching and residency program at this site for nearly fifty (50) years. The space was built out for this use and is located adjacent to the hospital, who has been a strong partner for the program. Over the life of the program, the hospital has worked with the Department to modify and update the space to suit the academic and clinical needs of the Department.

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT (“First Amendment”) is made and entered into as of the later of the dates in which this First Amendment is executed by both parties (the “Effective Date”), and is by and between AMISUB (SFH), Inc. doing business as Saint Francis Hospital (“Landlord”), and The University of Tennessee, an instrumentality of the State of Tennessee (“Tenant”), Landlord and Tenant are referred to herein as the “the Parties”.

R E C I T A L S

A. **WHEREAS**, the Parties entered into that certain Lease Agreement effective May 2, 2017 for a term of sixty (60) full calendar months (“Lease”) from the Rent Commencement Date of May 15, 2017 for the professional office building located at 1301 Primacy Parkway, Memphis, Tennessee 38119 (the “Premises”); and

B. **WHEREAS**, paragraph #3 (Term) in the “Basic Terms” section of the Lease provides Tenant with the option to renew the Term of the Lease for an additional five (5) years, upon mutual written agreement of the Parties; and

C. **WHEREAS**, the Parties desire to enter into this First Amendment to memorialize the five (5) year renewal option, the new base rent and modify other sections of the Lease as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and notwithstanding any contrary provisions of the Lease, the Lease is hereby amended as follows:

1. Section 3 (Term) under **Basic Terms** in the Lease is modified as follows: The renewal term shall commence on May 16, 2022 for a term of sixty (60) full calendar months.
2. Section 5 (Base Rent) under **Basic Terms** is modified as follows: Effective on June 1, 2022 the base rent amount is Three hundred sixty thousand, four hundred sixty-five and No/100 Dollars (\$360,465.00) per year or Thirty thousand thirty-eight and 75/100 (\$30,038.75) per month plus three (3%) annual increases. The base rent excludes janitorial services.
3. Section 9 (Allowance) under **Basic Terms** is modified as follows: Effective on June 1, 2022 the Allowance is \$7.50 per foot of floor area (approximately \$180,232.50). Any part of the Allowance not used or spent within twelve (12) months of the Rent Commencement Date shall expire and no longer be available to Tenant.

4. The following sentence is deleted from section 6 (Landlord Maintenance, Utilities, and Services) in the **Body of the Lease**: Landlord agrees to provide Building-standard cleaning services to the Premises 5 days per week.
5. The following sentence is added to Section 9 (Tenant Maintenance; Alteration) in the **Body of the Lease**: Tenant agrees to provide Building-standard cleaning services to the Premises 5 days per week.
6. Exhibit A and A-1 attached hereto are added to the Lease representative of the Tenant Improvement work to be completed in the Premises.

7. This Amendment may be executed in any number of separate counterparts, each of which shall be deemed an original and shall together constitute one and the same instrument. A PDF copy of this Amendment containing a PDF copy of the signatures of any party shall be deemed an original signature and such execution and delivery shall be considered valid, binding and effective for all purposes.

8. In the event of a conflict between this Amendment and the Lease Agreement the terms of this Amendment shall prevail. In all other respects, the parties do hereby ratify and reaffirm the provisions of the Lease Agreement, which shall continue in full force and effect, except as amended hereby.

IN WITNESS WHEREOF, the parties have executed this First Amendment effective as written above.

Landlord:

**AMISUB (SFH), Inc.
D/B/A Saint Francis Hospital**

By: _____
 Name: _____
 Address: 5959 Park Avenue
 Memphis, TN 38119
 Date: _____

Tenant:

The University of Tennessee

By: _____
 Name: _____
 Address: _____

 Date: _____

Approved as to form and legality:

 Herbert H. Slatery III, Attorney General and Reporter

LANDLORD NOTARY

STATE OF TENNESSEE
COUNTY OF _____

Before me, _____, Notary Public in and for the County and State aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledge himself (herself) to be _____ for _____, the within named landlord, and that he (she) as such representative, executed the foregoing instrument for the purposes therein contained and signed the name of the _____, by himself (herself) as _____ for the _____.

Witness my hand and seal, at office in _____, Tennessee, this the _____ day of _____, 2022.

Notary Public

My Commission Expires: _____

TENANT NOTARY

STATE OF TENNESSEE
COUNTY OF _____

Before me, _____, Notary Public in and for the County and State aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledge himself (herself) to be _____ for the University of Tennessee, the within named landlord, and that he (she) as such representative, executed the foregoing instrument for the purposes therein contained and signed the name of the University of Tennessee, by himself (herself) as _____ for the University of Tennessee.

Witness my hand and seal, at office in _____, Tennessee, this the _____ day of _____, 2022.

Notary Public

My Commission Expires: _____

EXHIBIT A

CONSTRUCTION OF TENANT IMPROVEMENTS (Tenant Currently in Occupancy, Landlord To Renovate)

In the event that Landlord has agreed to construct Tenant Improvements with respect to the Leased Premises, the following terms and conditions shall govern:

1. **Tenant Improvements.**

- a. **Tenant Improvements.** After payment by Tenant of any excess cost, Landlord agrees to carry out the Tenant Improvements in accordance with the Final Plans.
- b. **Final Plans.** Landlord shall submit to Tenant for its review and approval, which approval shall not be unreasonably withheld, final working drawings and/or specifications (the “Final Plans”) for the Tenant Improvements. Tenant shall either approve or disapprove the Final Plans within 10 days after receipt thereof. If Tenant disapproves the Final Plans, Tenant shall specify in reasonable detail the reasons therefor and, if acceptable to Landlord in its reasonable discretion, Landlord shall revise and resubmit the Final Plans accordingly. If Tenant does not disapprove the Final Plans within such 10-day period, as evidenced by written notice to Landlord, or if Landlord, in the exercise of its reasonable discretion, does not agree to make Tenant’s requested changes, Tenant shall be deemed to have approved the Final Plans. The Tenant Improvements shall be performed substantially in accordance with the Final Plans and in a good and workmanlike manner.
- c. **Governmental Approvals.** Notwithstanding, Landlord will not be required to perform any Tenant Improvements that would require approval by any applicable permitting Authority.
- d. **Improvement Allowance.** Landlord shall contribute a sum of up to the Allowance toward the cost of said Tenant Improvements. The Parties agree that the Allowance is the product of bona fide, arms-length negotiations and represents a commercially reasonable, fair market value tenant improvement allowance, without taking into account the intended use of the Premises or the volume or value of any actual or expected federal health care program or other referrals to, or business otherwise generated for, either Party.

Tenant shall be responsible for all costs and expenses incurred in excess of the Improvement Allowance (“excess costs”). Tenant’s obligation to pay such excess costs shall be limited to the amount approved by Tenant in accordance with Final Plans or otherwise authorized or approved by Tenant. Landlord shall not authorize the construction of any Tenant Improvements that will result in additional costs or schedule changes unless Tenant shall have approved the additional scope of work in writing and delivered its written approval of the cost of such work to Landlord. Any work authorized by Landlord without Tenant’s written approval shall be done at Landlord’s sole expense and shall not be paid for as an excess cost. Tenant may audit the invoices and other evidence of the expenditures in order to confirm that such evidence is consistent with the other information received by Landlord and Tenant as to the projected and actual costs of the Tenant Improvements, such audit to be at Tenant’s sole cost and expense during reasonable times and at Tenant’s offices or such other place as the Parties shall mutually agree upon.

e. **Performance of Tenant Improvements.**

(1) Landlord shall use reasonable efforts to promptly complete the Tenant Improvements in accordance with the Final Plans. Tenant Improvements may be constructed during Tenant’s occupancy of the Premises. In such event, Landlord and Tenant agree to cooperate to minimize unreasonable disruption to Tenant’s conduct of its business in the Premises and Tenant expressly acknowledges and agrees that such activities shall not be deemed an interruption to Tenant’s quiet enjoyment or give rise to any default by Landlord hereunder or any Claims against Landlord whatsoever.

(2) Landlord shall schedule and conduct pre-final and final inspections and, in conjunction with Tenant, develop punch lists and obtain their completion.

f. **Completion.**

(1) Landlord shall complete the construction of the Tenant Improvements with reasonable diligence. The term “completion” or words of similar import as used with reference to the Tenant Improvements are hereby defined as the substantial completion of the construction of the Tenant Improvements in accordance with the approved Final Plans so that Tenant can lawfully occupy and use the Premises for the purpose for which they are intended, subject to mutually agreed upon punch list items.

(2) Landlord shall use commercially reasonable efforts to complete the Tenant Improvements within Twelve months from the Rent Commencement Date of June 1, 2022 (hereinafter “Estimated Completion Date”). If Landlord is delayed at any time in the progress of the construction of the Tenant Improvements by Force Majeure, then the Estimated Completion Date shall be extended by the period of such Force Majeure. A delay shall not be considered Force Majeure if there is a practical alternative available to Landlord that would not increase the cost of the Tenant Improvements. If the Tenant Improvements are not completed by the Estimated Completion Date, this Lease shall not be rendered invalid, but rather Landlord shall complete same as soon thereafter as practical and Landlord shall not be liable to Tenant for damages in any respect whatsoever.

(3) After completion of the Tenant Improvements, Tenant shall not be entitled to any unused portion of the Allowance.

g. **No Warranty.** Except for the Tenant Improvements, Tenant accepts the Premises in their condition AS-IS, WHERE IS and WITH ALL FAULTS as of the date of this Lease. TENANT ACKNOWLEDGES THAT (1) NEITHER LANDLORD NOR ANY LANDLORD REPRESENTATIVE HAS MADE ANY WARRANTY, REPRESENTATION, COVENANT, OR AGREEMENT WITH RESPECT TO THE MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE PREMISES, (2) EXCEPT FOR THE TENANT IMPROVEMENTS, NO REPRESENTATIONS AS TO THE REPAIR OF THE PREMISES, NOR PROMISES TO ALTER, REMODEL OR IMPROVE THE PREMISES HAVE BEEN MADE BY LANDLORD OR ANY LANDLORD REPRESENTATIVE, AND (3) THERE ARE NO REPRESENTATIONS OR WARRANTIES, EXPRESSED, IMPLIED OR STATUTORY, THAT EXTEND BEYOND THE DESCRIPTION OF THE PREMISES. In no event shall Landlord have any obligation for any defects in the Premises or any limitation on its use. The taking or retention, as applicable, of possession of the Premises after the completion of the Tenant Improvements shall be conclusive evidence that Tenant has fully accepted the Premises and that the Premises were in good condition at the time possession was taken.

h. **Re-measurement.** At any time during the Term, including but not limited to after the performance of any Tenant Improvements resulting in a change in the size or location of any demising walls or any other change relevant under ANSI/BOMI Standard Z65.1-2010 (“BOMA”), Landlord may cause the Premises to be re-measured in accordance with BOMA. Upon the certification of the results of such re-measurement to Landlord, the Base Rent and Allowance will be equitably

adjusted on a per-square-foot basis to reflect the difference between such re-measured amount and the amount set forth in Basic Term (2) and Tenant or Landlord, as applicable, must pay or refund to the other party any resulting net under- or over-payment during the Term preceding such re-measurement. Absent manifest error, the determination of Landlord's measuring company will be final and not subject to appeal or contest by Tenant as to its measurement of the area of the Premises.

3. **Default.** If Tenant defaults under this Lease, then as part of Landlord's damages, and in addition to the other amounts recoverable under the Lease following a Tenant default, Tenant shall immediately pay Landlord an amount equal to the amount Landlord contributed as an allowance pursuant to Section 2.d above.

EXHIBIT A-1

TENANT IMPROVEMENTS

Landlord will perform only the following work within the Premises (collectively, the “Tenant Improvements”):

See attached Punchlist

This instrument prepared by:
St. Francis Hospital
5959 Park Avenue
Memphis, TN 38119

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered into as of the later of the dates set forth below the signatures to this Lease (the "Effective Date") between AMISUB (SFH), Inc. doing business as Saint Francis Hospital ("Landlord") and The University of Tennessee, an instrumentality of the State of Tennessee ("Tenant" and, collectively with Landlord, the "Parties").

BASIC TERMS

The following basic terms (the "Basic Terms") are an integral part of this Lease, are referred to throughout this Lease using the terms set forth in the left column below, and are not intended to list all amounts payable under this Lease. In the event of any direct conflict between the Basic Terms and any other provision of this Lease, the Basic Terms will control.

- | | | |
|-----|-------------------------|---|
| (1) | Building: | The professional office building located at 1301 Primacy Parkway (" <u>Building</u> "), in Memphis, Shelby County (" <u>County</u> "), Tennessee (" <u>State</u> "). |
| (2) | Premises: | Approximately Twenty Four Thousand, Thirty-one (24,031) usable square feet. |
| (3) | Term: | From the Rent Commencement Date until the expiration of sixty (60) full calendar months after the Rent Commencement Date. Tenant shall have a one-time option to renew the Term of this Lease upon the expiration of the initial term for five (5) additional years, upon mutual written agreement between the Parties. |
| (4) | Rent Commencement Date: | The later of March 16, 2017, or the execution of the Lease by both parties (" <u>Rent Commencement Date</u> ") except as otherwise expressly provided in Exhibit B. |
| (5) | Base Rent: | Three Hundred Forty Two Thousand, Four Hundred Forty One and 75/100 Dollars (\$342,441.75) per year (\$28,536.81 per month), with annual increases of three percent (3%). |
| (6) | Payments: | All payments to Landlord under this Lease shall be made payable to and mailed to Landlord at the following address, until changed by notice from Landlord: |

AMISUB (SFH), Inc. d/b/a Saint Francis Hospital

P.O. Box 845610

Dallas, Texas 75284-5610

- (7) Security Deposit: Not required.
- (8) Permitted Use: Medical Clinic for examining and treating patients and related administrative uses by Tenant and for no other use or purpose.
- (9) Allowance: None.
- (10) Tenant Improvements: Tenant accepts the Premises in their current, "AS IS" condition on the Effective Date, subject only to Landlord's completion of the Tenant Improvements described on Exhibit B, if any.
- (11) Brokers: Each Party warrants that it has not dealt with any real estate broker or agent in connection with this Lease.
- (12) Utilities: The Premises are separately metered or sub-metered for the utilities checked below:
 none
 electricity,
 water,
 heating and air conditioning,
- and Tenant will pay Landlord or, at Landlord's election, the applicable utility company for the use of such utilities based upon the consumption shown on the applicable meter or sub-meter for each such utility. The Premises are jointly metered for all other utilities, and Tenant will pay Landlord for each such jointly metered utility based upon Tenant's share of the cost thereof as equitably allocated by Landlord.
- (13) Intentionally Omitted.
- (14) Security Alarm Monitoring Fee: Tenant shall be responsible for the cost of Security Alarm Monitoring Fees.
- (15) Group Practice Representation: Tenant represents and warrants that the compensation paid or to be paid by Tenant to any physician is and will be fair market value for services actually provided by such physician, not taking into account the value or volume of referrals or other business generated by such physician for Landlord. Tenant represents to Landlord that Tenant has and will at all times maintain a written agreement with each physician receiving compensation from Tenant who is not an employee of Tenant (e.g., each

non-employed independent contractor), which written agreement is or will be signed by Tenant and such physician, and does or will specify the services covered by the agreement. Tenant further represents that with respect to employees of Tenant with which Tenant does not have a written employment agreement, the employment arrangement is or will be for identifiable services and is or will be commercially reasonable even if no referrals are made to Landlord by the employee.

Landlord leases to Tenant, and Tenant leases from Landlord, the Premises for the Term, upon the following terms:

1. DELIVERY. Landlord will endeavor to notify Tenant not less than 30 days before it expects to deliver the Premises to Tenant. Any reference herein to a particular date for delivery of the Premises to Tenant or the completion of the Tenant Improvements is an estimate only, and if Landlord fails to deliver the Premises to Tenant by any such date, then this Lease shall not be void or voidable nor shall Landlord be liable to Tenant for any resulting claims.

2. TERM.

A. Except as otherwise provided herein, all of Tenant's obligations that do not require or contemplate possession of the Premises will commence upon the Effective Date, and such obligations that do require or contemplate possession will commence upon Tenant's first entry onto the Premises on or after the Effective Date.

B. The Term shall be automatically extended on a month-to-month basis for up to 6 months if the Parties continue to abide by this Lease without having (i) executed a renewal or extension hereof, (ii) executed a new lease for the same or other premises, or (iii) notified the other Party of such Party's intent not to extend this Lease.

3. RENT.

A. Except as otherwise provided in Exhibit B, the Premises will be deemed to contain the floor area set forth in Basic Term (2) for all purposes hereunder and will not be subject to remeasurement except as otherwise provided for elsewhere in this Lease.

B. Tenant shall, without notice, demand, abatement, deduction or setoff, pay to Landlord, the Base Rent in advance in equal monthly installments in the monthly amount set forth in the Basic Terms, commencing upon the Rent Commencement Date and on the first day of each and every succeeding calendar month during the Term. However, if the Term commences other than on the first day of a calendar month, then, upon the Rent Commencement Date, the Base Rent for such initial month shall be prorated on a daily basis.

C. Base Rent shall increase annually. The first such increase shall occur on the first anniversary of the first day of the first calendar month immediately following the Rent Commencement Date. Each subsequent increase will occur on each succeeding anniversary of such first adjustment date. The dates of the first and each subsequent adjustment are "Adjustment Dates". Landlord's failure or delay in notifying Tenant of a rent adjustment will not waive such adjustment.

D. All amounts Tenant agrees to pay hereunder other than Base Rent shall be deemed "additional rent". Additional rent and Base Rent are referred to herein collectively as "rent".

E. Landlord shall be responsible for payment of all real estate taxes assessed against the Building or land on which the Building is located, as well as all applicable local, state and federal income taxes which are or may be payable by Landlord. Landlord, by virtue of leasing property to Tenant, does not become a State of Tennessee agency, entity, or employee and is not entitled to any rights, privileges or immunities pertaining to the State or its agencies and instrumentalities. If applicable, Tenant shall, in addition to the other amounts payable hereunder, pay any rental, sales, use and similar taxes based on the amounts payable hereunder by any municipal, county, district, state, federal or other governmental authority (including any executive, legislative, judicial, administrative and regulatory bodies of each such authority) (each, an "Authority" and collectively, the "Authorities"). Any such payment shall be paid concurrently with the payment of the amount upon which such tax is based.

F. Any amount not paid within 10 days after it is due shall be subject to a late charge of \$25.00 per month. In addition, any amount not paid within 30 days after it is due shall be subject to default interest at a per annum rate of 15% or, if lower, the highest rate allowed by law, calculated and, if permitted by applicable law, compounded monthly based on the then-outstanding balance owed. Payment of interest and late charges shall not relieve Tenant from any default. Tenant acknowledges that it has above been given grace periods and that interest and late charges will apply to any amounts not paid within such grace periods.

G. No payment of a lesser amount than the full amount due under this Lease shall be considered anything other than a payment on account of the earliest amount due. No endorsement or statement on any check or any correspondence accompanying any payment may be deemed an accord and satisfaction. Landlord may accept such payment without prejudice to its rights to recover the balance due and to pursue any other remedy. Pursuant to § 47-3-311 of the State's Uniform Commercial Code, any instrument purporting to be an accord and satisfaction must be sent to Landlord's address for notices (and not the address for payments).

H. The Parties agree the rent amounts are the product of bona fide, arms-length negotiations and represent commercially reasonable, fair market rent for the Premises for general commercial purposes, without taking into account the intended use or the volume or value of any actual or expected "federal health care program" (as defined under 42 U.S.C. § 1320a-7b (f), "Federal Program") or other referrals to, or business otherwise generated for, either Party. The rents do not reflect any additional value either Party may attribute to the proximity or convenience of the Premises to referral sources or business otherwise generated for which payment may be made in whole or in part under any Federal Program.

I. Landlord shall complete, sign and present to Tenant a "Substitute W-9 Form" provided by Tenant. The taxpayer identification number detailed by said form must agree with Landlord's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Lease.

4. USE. The Parties agree the Premises (a) do not exceed that which is commercially reasonable and necessary for the legitimate business purposes of this Lease; (b) will be used exclusively by Tenant on a full-time basis during the Term only for the Permitted Use; and (c) represent all of the premises leased between the Parties during the Term. Tenant must comply with the rules and regulations set forth in Exhibit A and such additional rules and regulations as are reasonably adopted by Landlord for the Building from

time to time (collectively with Exhibit A, the "Rules"). Tenant recognizes the restrictions in this Lease on the use of the Premises are a material consideration for Landlord to enter into this Lease.

5. COMMON AREAS. Tenant is granted a nonexclusive license to use the parking areas and common areas (including corridors, lobbies, elevators, and rest rooms) of the Building that are made available generally for all tenants of the Building (collectively, the "Common Areas") for Tenant and Tenant's employees and patrons. Landlord may at any time, without effecting an actual or constructive eviction and without incurring any liability to Tenant, change the arrangement or location of or close some or all of the Common Areas and change the name, number or designation by which the Building is known.

6. LANDLORD MAINTENANCE, UTILITIES AND SERVICES. Landlord shall maintain the roof, exterior walls, Common Areas, and the plumbing serving the Premises. Subject to Tenant's obligation to pay for such utilities as set forth in the Basic Terms, Landlord agrees to furnish the Premises with (i) Building-standard heat and air conditioning during reasonable and customary business hours, (ii) elevator services, if an elevator is installed, and (iii) normal water and normal electric current for lighting, ordinary medical equipment and business appliances. Landlord may impose an additional reasonable charge for any utilities and services, including air conditioning, electrical current, and water, provided by Landlord, by reason of: use of the Premises other than during customary hours, use beyond that which Landlord agrees herein to furnish, or special needs created by Tenant's telephone equipment, computers, and other equipment or uses. Landlord shall remove Tenant's trash from Tenant's trash containers within the Premises, if requested by Tenant, not including medical or infectious waste. Landlord agrees to provide Building-standard cleaning services to the Premises 5 days per week. Tenant agrees to pay for all other services supplied to the Premises not enumerated in this Section.

7. TAXES AND ASSESSMENTS. Tenant must pay promptly when due all personal property and other taxes and assessments upon the property of Tenant in, upon or about the Premises.

8. SECURITY DEPOSIT. Not required.

9. TENANT MAINTENANCE; ALTERATION. Tenant shall maintain every part of the Premises (excepting only those parts that are specifically required to be maintained by Landlord hereunder) in good order, condition and repair and shall not alter, repair or change the Premises without the prior written consent of Landlord. Notwithstanding any contrary provision of this Lease, Tenant shall be solely responsible for the cost of removing Hazardous Materials (including infectious waste) from the Premises, and such removal will be performed by Tenant or Landlord, at Tenant's cost, as directed by Landlord. All alterations, improvements, and changes (each, an "Alteration") to the Premises may be undertaken only by or under the direction of Landlord but at Tenant's expense. Tenant shall not suffer or permit any mechanic's or materialman's liens to be filed against the Premises or Building. Landlord may condition its consent to any Alterations on any conditions it deems useful for the avoidance of mechanics' or material suppliers' or similar liens, including the requirement that Tenant obtain payment and performance bonds and/or post or permit Landlord to post notices upon the Premises.

10. INSURANCE.

A. Landlord shall, at Landlord's expense, maintain liability and property insurance on the Premises, in an amount not less than the full replacement cost of the Building, and comprehensive general liability insurance coverage in the sum of One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) per annual aggregate against any and all liability, loss or damage arising from any injury or damage to any person or property occurring in or about the Leased Premises or the Building.

B. Tenant shall maintain the policies set forth on Exhibit C.

11. Intentionally Omitted.

12. RIGHT OF ENTRY. Landlord may enter the Premises at reasonable times (or any time, in case of an emergency) for any reasonable purpose, including in order to examine it, to show it to prospective tenants, lenders, ground lessors, and purchasers, to make such Alterations as Landlord deems necessary or desirable, including the construction or improvement of offices adjacent to or above the Premises by giving Tenant 24-hour notice. Landlord will endeavor not to unreasonably impair Tenant's use and enjoyment of the Premises in performing Alterations. Base Rent shall abate while Alterations are being made by Landlord only when there is a material interruption of Tenant's business, such Alterations are for the benefit of other portions of the Building and such abatement is approved by Landlord in writing prior to the start of any Alterations. If during the last month of the Term Tenant has removed all or substantially all of Tenant's property, Landlord may immediately enter and make Alterations to the Premises without elimination or abatement of rent, without liability to Tenant for any compensation, and without affecting this Lease.

13. DESTRUCTION; EMINENT DOMAIN.

A. If the Building is damaged by fire or other casualty and such damage to the Building cannot reasonably be repaired within a period of 6 months after the happening of such damage, then Landlord or Tenant may terminate this Lease upon written notice to the other party delivered prior to the 60th day after such 6-month period. If this Lease is not terminated as provided herein, then Landlord shall use reasonable diligence to repair the Premises and at least the portions of the Building required for access to the Premises. If Landlord undertakes such repairs, Base Rent will abate in proportion to the part of the Premises rendered untenable thereby until the damage is repaired.

B. If a taking of the Building or any material portion thereof occurs, then this Lease shall terminate. Otherwise, this Lease shall not terminate and Base Rent shall be equitably adjusted. In this Lease, "taking" means the exercise of any right of eminent domain or power of condemnation and includes any conveyance made under threat thereof.

C. Except for any condemnation or property insurance proceeds paid to Tenant on account of its personal property located within the Premises and that Tenant is entitled hereunder to remove upon the expiration of the Term, all condemnation and property and rent loss insurance proceeds paid to either Party will be the sole and exclusive property of Landlord and are hereby transferred, assigned and set over to Landlord by Tenant. Tenant waives any common law or statutory termination rights following a taking or casualty.

14. TERMINATION AND DEFAULT.

A. **Merger, Consolidation, Etc.** Intentionally Deleted.

B. **Termination for Changes in Law.** If any Authority passes, issues or promulgates any new, or changes any existing, Applicable Law (each, a "Legal Event") that a Party (the "Noticing Party") reasonably believes (i) materially and adversely affects either Party's licensure, accreditation, certification, or ability to refer, accept any referral, present a bill or claim, or receive payment or reimbursement from any governmental or non-governmental payor, or (ii) requires further compliance activities of the other Party, then the Noticing Party may give the other Party 30 days prior written notice of its intent to amend or terminate this Lease. Notwithstanding the foregoing, the Noticing Party may propose an amendment to this Lease to take into account the Legal Event, and, if accepted by the other Party prior to the end of the 30 day

notice period, this Lease shall be amended as of the date of such acceptance and if not amended shall automatically terminate.

C. Abbreviated Term. Should Tenant or, if Tenant is an entity, the majority shareholder, member, partner or the like of Tenant (each, including Tenant, a "Tenant Physician") be unable to practice medicine because of death or severe long-term illness or other physical or mental incapacity, this Lease shall automatically expire on the last day of the second full month following Landlord's receipt of notice thereof or upon vacation of the Premises, whichever first occurs. Subject to Section 24(I), the Parties will have no further obligations hereunder upon Tenant's surrender of the Premises in compliance with this Lease.

D. Defaults and Remedies

(a) Events of Default. At Landlord's option, Tenant will be in breach of this Lease and Landlord may declare a default upon the occurrence of any of the following events during the term of the Lease (subject to Tenant's right to early termination as set out in Sections 14E and 14F):

- i. Failure by Tenant to pay in full any rent payment or other sum payable hereunder (including Minimum Rent or Additional Rent installments) within twenty (20) calendar days of the date such payment is due;
- ii. Failure by Tenant to perform any of the terms or conditions of this Lease, other than the payment of money, for a period of thirty (30) calendar days after notice thereof to Tenant by Landlord;
- iii. The abandonment of the Premises as a going business by Tenant for any period exceeding thirty (30) calendar consecutive days, regardless of whether Tenant continues to pay all rent.
- iv. Tenant or any assignee or sublessee makes any use of the Premises other than that set forth in BASIC TERMS, Item 8 hereof.
- v. Tenant does or causes to be done any unauthorized construction in the center or the Premises, or Tenant materially deviates from the plans and specifications for Tenant's work without the prior written approval of Landlord, or there exists any materially defective workmanship or materials in Tenant's work, which deviations or defects are not corrected within twenty (20) calendar days after written notice thereof.

(b) Remedies: Whenever any Event of Default shall have occurred, Landlord may, to the extent permitted by law, take any one or more of the following remedial steps.

- i. Re-enter the Premises with or without terminating this Lease and remove all persons and all or any property therefrom, by any suitable action or proceeding at law, or by force or otherwise, without being liable for any prosecution therefor or damages resulting therefrom, and repossess and enjoy the Premises, together with all additions, alterations and improvements.
- ii. Repair, alter, remodel and/or change the character of the Premises as it may reasonably deem fit.
- iii. Relet the Premises or any part or parts thereof.
- iv. Terminate this Lease (but such termination will not release Tenant from any of its

obligations contained in this Lease, including those for the balance of the term then in effect at the time of such default).

v. Cure Tenant's default and assess against Tenant the cost of curing the default, as Additional Rent, which will be paid to Landlord within thirty (30) days after Tenant's receipt of a bill therefore.

vi. Landlord may take whatever action is available to Landlord, and in connection with such actions, recover any and all damages to Landlord for Tenant's violation or breach of this Lease.

No remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. Any other provisions of this Lease notwithstanding, any reentry and repossession of the Premises by Landlord will be deemed a termination of Tenant's right to possession of the Premises *only* and not a termination of the Lease, unless the Lease is expressly terminated by the Landlord in writing by notice to Tenant. No delay or omission by Landlord to exercise any right or power accruing upon any default of Tenant shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised by Landlord at any time, from time to time and as often as may be deemed expedient. In order to entitle Landlord to exercise any remedy reserved to it hereunder, it shall not be necessary to give any notice, other than such notice as is expressly required by this Agreement. No payment by Tenant or receipt by Landlord of a lesser amount than the Minimum Rent herein stipulated will be deemed to be other than on account of the earliest stipulated rent, nor will any endorsement or statement on any check or letter be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedies provided in this Lease.

(c) Damages: The exercise by Landlord of any right granted in this Section 14 shall not relieve Tenant from the obligation to make all rental payments, and to fulfill all other covenants required by this Lease, at the time and in the manner provided herein. If a default occurs, Landlord may recover from Tenant damages as set forth below, which damages are cumulative with and in addition to any other right or remedy allowed under any law or provisions of this Lease:

i. Upon termination of Tenant's right of possession or upon termination of the Lease, Tenant throughout the remaining term will pay Landlord, no later than the last day of each month during the term, the then-current excess, if any, of the sum of the unpaid rentals and costs to Landlord resulting from such default by Tenant, over the proceeds received by Landlord from reletting, if any. Any excess rent or sums received from renting the Premises by Landlord as a result of Tenant's default will remain the sole property of Landlord. Landlord shall have the right to recover from Tenant as damages an amount equal to all expenses, if any, not including attorney's fees, incurred by Landlord in recovering possession of the Premises and all reasonable expenses incurred for the care of the Premises while vacated by Tenant.

ii. In the alternative and at Landlord's option in the event of termination of Tenant's right of possession or termination of the Lease, Landlord may recover from Tenant:

A. All unpaid rents and other charges as of the date possession is terminated. For purposes of this Subsection, "rents and charges" include without limitation Base Rent, Additional Rent, and any other amount due to Landlord by Tenant under this Lease; *and*

B. Landlord's cost of reletting as defined in Subsection (c) (i) above; *and*

C. All other actual damages proximately caused by Tenant's failure to perform its obligations under this Lease.

(d) Mitigation of Damages: Landlord will be the sole judge as to whether or not a proposed replacement tenant is suitable and acceptable, for the purposes of mitigating damages.

E. **Termination for Cause.** Tenant may in its sole discretion terminate this Lease upon 90 days of advance written notice for any of the following causes: (a) Landlord's failure to disclose any conflict or potential conflict of interest existing at the date of this Lease or hereafter created; (b) termination or consolidation of Tenant's operations or programs housed in the Leased Premises because of loss of funding; (c) lack of funding by the appropriate Legislative Body for obligations required of Tenant under this Lease; (d) the availability of space in Tenant-owned property, provided that no cancellation for this reason may take place until the Lease has been in effect for one year; and (e) any default by Landlord which is not adequately remedied in accordance with *Section 14* hereof. Notwithstanding the foregoing, all terms and conditions of the Lease are made subject to the continued appropriations by the appropriate Legislative Body.

F. **Termination for Convenience:** For convenience, either party may terminate this lease at any time by giving written notice to the other at least 120 days prior to the date when such termination becomes effective. Said notice shall commence on the day after the date of mailing by certified mail, return receipt requested.

15. ENVIRONMENTAL COMPLIANCE/HAZARDOUS MATERIALS.

A. **Definition.** "Hazardous Materials" means any substance or material that is or may be hazardous, toxic, ignitable, radioactive, reactive or corrosive to the environment, property or human health, regardless of whether regulated by Applicable Law, including infectious waste, medical waste, and potentially infectious biomedical waste, and substances and materials identified under Applicable Law as having any of the foregoing characteristics.

B. **Prohibition.** Tenant, the officers, directors, employees, representatives, agents, successors, assigns, affiliates, partners, members, owner and shareholders (collectively, "Representatives") of Tenant, and the contractors, subcontractors, licensees, sublessees, concessionaires, and invitees of Tenant (collectively, "Tenant's Permittees") and any other occupants of the Premises (collectively with Tenant's Representatives and Permittees, "Tenant Parties") shall not (i) use, generate, manufacture, refine, produce, process, store, release or dispose of, on, under or about the Building or transport to or from the Building any Hazardous Materials, except normal amounts of medical waste generated from Tenant's medical practice from the Premises that are handled in strict compliance with Applicable Laws and all permits, licenses and approvals issued to Tenant in connection therewith, or (ii) without Landlord's consent, undertake any remediation of any such Hazardous Materials or report any information relating to Hazardous Materials not required by Applicable Law to be reported.

16. COMPLIANCE WITH LAWS AND REGULATIONS.

A. **Generally.** During the Term of this Lease, each Party shall comply with all applicable laws, regulations and guidelines of all Authorities and of all insurers and insurance underwriting agencies pertaining to the use and occupation of the Premises (collectively, "Applicable Laws"). Each Party represents and warrants that the entering into and performance of its obligations hereunder do not knowingly violate any Applicable Laws.

B. **No Referral Condition.** Neither the selection of Tenant nor this Lease is conditioned on either Party (i) making referrals to the other; (ii) being in a position to make or influence referrals to the other; or (iii) generating business for the other.

C. **Conduct Standards.** Tenant represents it read, understands, and shall abide by Tenet's Standards of Conduct. Tenant shall comply with Tenet's Compliance Program and Tenet's policies related to the Deficit Reduction Act of 2005, Anti-Kickback Statute and the Stark Law. Tenet's Standards of Conduct, summary of Tenet's Compliance Program, and policies and procedures, including a summary of the Federal False Claims Act and applicable state false claims laws with descriptions of penalties and whistleblower protections are available at:

<http://www.tenethealth.com/about/ethics-compliance>.

Tenant shall require any employees providing services to Landlord to read and abide by the Standards of Conduct and Tenet's Compliance Program. Hardcopies of the foregoing are available upon request.

D. **Exclusion Lists.** Tenant represents and warrants that neither it nor any of its Representatives or contractors (collectively, "Screened Persons") is a person who has been excluded from participation in any Federal Program, nor been debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal Authority or has been convicted of a criminal offense that falls within the ambit of 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible (each, an "Ineligible Person"). Tenant shall screen any of its Screened Persons who provide services to Landlord against (a) the U.S. Department of Health and Human Services/Office of Inspector General List of Excluded Individuals/Entities (available at <http://www.oig.hhs.gov>), (b) the General Services Administration's System for Award Management (available through the Internet at <http://www.sam.gov>), and (c) any applicable state healthcare exclusion list (collectively, the "Exclusion Lists") to ensure none of the Screened Persons is an Ineligible Person. If, after the Effective Date, any Screened Person becomes or is proposed to become an Ineligible Person, Tenant shall immediately notify Landlord thereof and Landlord may immediately terminate this Lease.

17. ASSIGNMENT AND SUBLETTING. Tenant shall not assign this Lease or sublease or license or permit the occupancy by any other person or entity of all or any part of the Premises, except with Landlord's prior written consent. If Tenant is an entity, any change in the ownership or control (whether by virtue of ownership interests, by contract or otherwise) of Tenant will constitute an assignment of this Lease for purposes of this Section 17.

18. SUBORDINATION OF LEASE. Except as otherwise elected by the holder thereof, this Lease is subject and subordinate to any mortgages, ground leases, deeds of trust, voluntary liens and security interests which may now or hereafter be placed upon or affect the Building, and to all renewals, modifications, consolidations, replacements, and extensions thereof. This clause shall be self-operative, and no further instrument shall be required for its effectiveness. In addition, Tenant shall execute any document that

Landlord or Landlord's lender or ground lessor reasonably requests to evidence such subordination or otherwise.

19. ESTOPPEL CERTIFICATES. Tenant shall, from time to time, upon 15 days' prior request by Landlord, deliver to Landlord, or to such other persons who may be designated in such request, a statement in writing certifying that this Lease is unmodified and in full force and effect (or stating any modifications), the dates to which rent has been paid, and such other information as is reasonably requested by Landlord. Any such statement may be relied upon by Landlord and any current or prospective purchaser or encumbrancer of the Premises.

20. QUIET ENJOYMENT. Except as otherwise provided herein Tenant shall have peaceable and quiet enjoyment of the Premises free from eviction or interference by Landlord if Tenant fully and punctually performs its obligations hereunder.

21. SURRENDER AND HOLDOVER.

A. Tenant shall vacate the Premises in the same condition as received, ordinary wear and tear excepted. Tenant shall remove all of Tenant's personal property in a manner that will minimize any damage to the Premises, before the day this Lease expires or terminates. Any damage caused by such removal shall be repaired by Tenant before the expiration or termination of this Lease. Any of Tenant's personal property left on the Premises may, at Landlord's option, be deemed abandoned and kept or disposed of by Landlord. All Alterations shall remain a part of and be surrendered with the Premises unless Landlord directs, at least 60 days prior to expiration of the Term or within 60 days after the earlier termination of the Lease, the Premises to be restored to their original condition. Such restoration shall be accomplished on or before the expiration of this Lease or, if this Lease is terminated, as soon after the termination thereof as is practical, at the expense of Tenant.

B. If Tenant holds over in the Premises after the expiration or termination of this Lease, then during such hold over, monthly Base Rent shall be payable in an amount equal to the Base Rent payable for the last month of the Term plus, if Landlord has notified Tenant that Tenant may not continue in possession after the expiration or termination of this Lease or that Tenant is in breach of this Lease, then, from the date of such notice, Tenant must pay additional holdover rent equal to 50% of such monthly Base Rent. All other terms hereof shall continue in effect unmodified. Notwithstanding the foregoing, following the expiration or termination of this Lease, Landlord may use all available legal remedies (including self-help, if available) to cause Tenant to vacate the Premises. The voluntary or other surrender of this Lease by Tenant, or mutual cancellation thereof, shall not cause a merger and shall, at Landlord's option Landlord, terminate any existing subtenancies or operate as an assignment of any subtenancies to Landlord.

22. NOTICES. All notices hereunder must be in writing and delivered personally, by certified mail-return receipt requested, or by overnight courier, and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, postage prepaid, or deposited with the overnight courier addressed at the place identified on the signature page below or in a notice changing such address.

23. LEGAL PROCEEDINGS. This Lease shall be governed by the laws of the State.

24. GENERAL PROVISIONS.

A. The waiver by Landlord of any breach of any provision shall not be deemed to be a waiver of any subsequent breach of the same or any other provision. The acceptance of rent (including holdover rent) shall not be a waiver of any breach by Tenant of this Lease.

B. The terms of this Lease shall apply to and bind the heirs, successors, executors, administrators, and assigns (or, as to Tenant, permitted assigns) of the Parties. All persons signing this Lease as Tenant shall be jointly and severally liable hereunder.

C. Time is of the essence of this Lease.

D. This Lease, including all Exhibits, fully covers every agreement between the Parties concerning the subject matter hereof and all such agreements are merged herein. If any provision of this Lease (other than payment of Base Rent) is held by a court to be unenforceable, the remainder of the provisions hereof shall not be affected or invalidated.

E. This is a negotiated agreement between the Parties and shall not be construed against any Party as a result of its attorney having drafted this Lease. Both Parties had the opportunity to have their respective attorneys review this Lease and fully understand the terms of this Lease.

F. Except as otherwise expressly provided in this Lease, whenever any provision hereof requires the consent, approval, designation, direction or judgment of Landlord, such consent, approval, designation, direction or judgment will not be effective unless in writing and may be granted, withheld or conditioned in Landlord's sole and absolute discretion.

G. In this Lease: "it" means he, she or it, as applicable; "including" and "includes" mean including or includes, respectively, without limitation; and "herein" and "hereunder" mean anywhere within this Lease.

H. If either Party is delayed in performing an obligation by strikes, lockouts, unavoidable casualties, extraordinary weather, the act or omissions of the other Party or other Party's Representatives, or any cause (other than financial inability) beyond such Party's reasonable control (each, "Force Majeure") then the period for performing such obligation (other than payment of rent) will be extended by the length of such Force Majeure event.

I. All obligations of Tenant hereunder that are not fully performed as of the expiration or termination of this Lease (including, without limitation, the remeasurement-related obligations of Exhibit B) will survive such expiration or termination.

25. RECORDS RETENTION. Landlord shall maintain documentation for all charges against Tenant under the Lease. The books, records and documentation of Landlord, insofar as they relate to reimbursement by Tenant for costs incurred, whether in whole or in part, shall be maintained in conformity with generally accepted accounting principles for a period of five (5) full years from the date of what amounts to the final payment under this Lease, and shall be subject to audit, at any reasonable time and upon reasonable notice by the Comptroller of the Treasury or his duly appointed representative or a licensed independent public accountant.

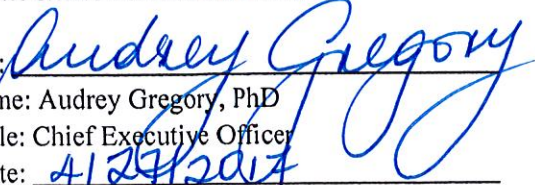
26. AUTHORITY. If Tenant is an entity, each person signing this Lease on Tenant's behalf personally warrants that Tenant is duly authorized and existing, is qualified to do business in the State, has full right and authority to enter into this Lease and is bound by this Lease and that each person signing on Tenant's behalf was authorized to do so.

SIGNED as of the later of the dates set forth below the signatures below.

NOTICES TO:

LANDLORD:

AMISUB (SFH), INC.
D/B/A SAINT FRANCIS HOSPITAL

By: 
Name: Audrey Gregory, PhD
Title: Chief Executive Officer
Date: 4/29/2017
Address: 5959 Park Avenue
Memphis, TN 38119

ADDITIONAL COPY OF NOTICES TO:


CONTRACTS ADMINISTRATION

ATTENTION: CONTRACTS MANAGER
SAINT FRANCIS HOSPITAL
Address: 5959 Park Avenue
Memphis, TN 38119

NOTICES TO:

TENANT:

THE UNIVERSITY OF TENNESSEE

By: 
Name: Michelle Crowder
Title: Interim Executive Director, Capital Projects
Date: 5-2-17
Address: 301 Andy Holt Tower
Knoxville, TN 37996

STATE OF TENNESSEE

APPROVED AS TO FORM AND LEGALITY

 5/16/2017
Herbert H. Slatery III, Attorney General and Reporter

STATE OF TENNESSEE
COUNTY OF KNOX

Personally appeared before me, the undersigned Notary Public for Knox County, Michelle Crowder, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged them self to be Interim Executive Director, Capitol Projects of The University of Tennessee, the within named bargainer, a public educational institution, and that he/she as such Interim Executive Director executed the within instrument for the purposes contained therein, by signing the name of The University of Tennessee by himself as Interim Executive Director.

Witness my hand and seal, at office in, this 2nd day of May, 2017.

Anthony Hopson
Notary Public

My Commission Expires:

My Commission Expires July 6, 2019



STATE OF TENNESSEE
COUNTY OF Shelby

Before me, the undersigned Notary Public for the state and county mentioned above, personally appeared Audrey Gregory (NAME), with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged that he/she is the CEO (TITLE) of Saint Francis Hospital (ORGANIZATION) and that he/she as such CEO (TITLE), being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the organization by himself/herself as CEO (TITLE).

Witness my hand and seal, at office in, this 27 day of April, 2017.

Paula A. Stepter

Notary Public.

My Commission Expires:

Oct 17, 2018



SCHEDULE 1

DESCRIPTION/FLOOR PLAN OF PREMISES

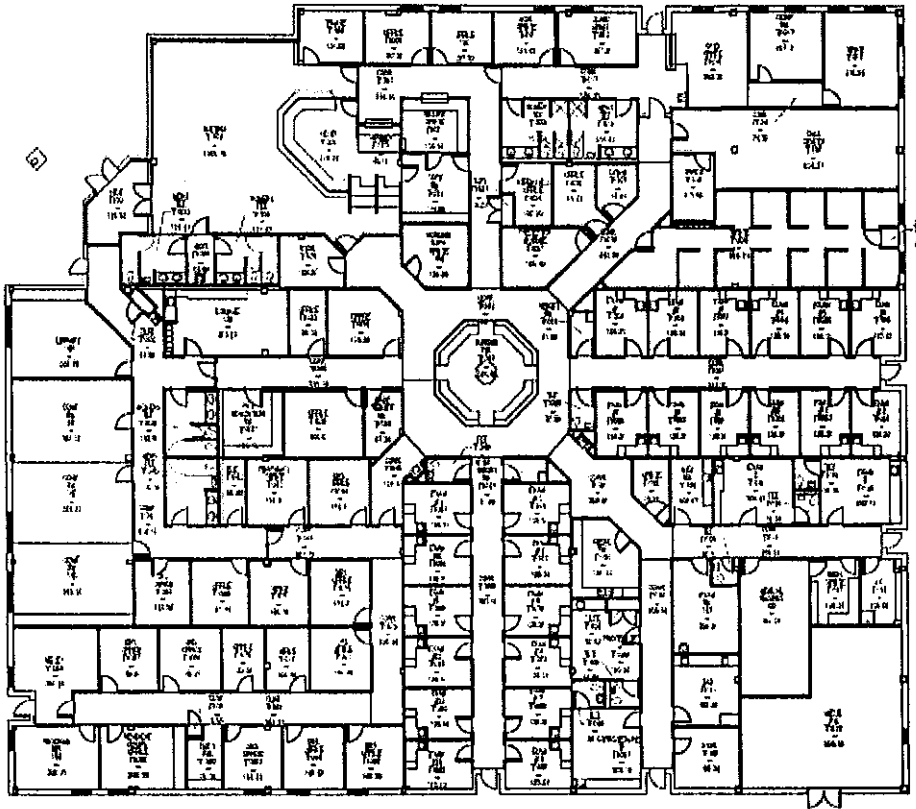


EXHIBIT A

RULES AND REGULATIONS

1. The sash doors, sashes, windows, glass doors, lights, and skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed, except as designated by Landlord. All doors opening onto public corridors shall be kept closed, except when in use for ingress and egress.
2. No sign, advertisement, or notice shall be inscribed, painted or fixed on or to any part of the outside or inside of the Building unless it is of such color, size and style, and in such a place upon or in the Building, as may be designated by Landlord. All signs on doors or window glass will be painted for Tenant by Landlord, but the cost of painting shall be paid by Tenant.
3. Electric wiring of any kind may be introduced and connected only as directed by Landlord and no boring nor cutting for wires will be allowed except with the consent of Landlord.
4. No additional lock or locks shall be placed by Tenant on any door in the Building unless consent of Landlord shall have first been obtained. Two (2) keys will be furnished by Landlord for each suite, and any additional keys required must be obtained from Landlord. Tenant shall be charged for additional keys at Landlord's cost. All keys shall be surrendered to Landlord upon termination of the tenancy. Tenant will not change any of its locks without first notifying Landlord in writing of such change.
5. Tenant shall not employ any person or persons other than the janitor of Landlord for the purposes of cleaning the Premises without the consent of Landlord. Landlord shall in no way be responsible to Tenant for any loss of property from the Premises, however occurring, or for any damage done to the effects of Tenant by the janitor or any other of Landlord's Representatives, or by any other person. Janitorial service will not include the cleaning of carpets and rugs.
6. All freight must be moved into, within and out of the Building only under the supervision of Landlord, and according to such regulations as may be posted in the office (the "Office") of the manager on duty for the Building (the "Manager"), but Landlord will not be responsible for loss or damage to such freight from any cause.
7. Tenant's requirements will be accommodated only upon application at the Office. Landlord's employees shall not perform any work nor do anything outside of their regular duties unless under special instructions from the Manager, and no employee shall admit any person (tenant or otherwise) to any other office without instructions from the Manager.
8. Landlord reserves the right to change the name of the Building and, from time to time, make such alterations and repairs as deemed advisable by Landlord to the exterior of the Building and to the Common Areas (including the lobby and other public areas) of the Building.

9. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweeping, rubbish, rags or other substances may be thrown therein. All damages resulting from any misuse of the fixtures by any Tenant Party shall be borne by Tenant.
10. Tenant shall not mark, paint, drill into, or in any way deface any part of the Premises or the Building. No boring, cutting or stringing of wires or laying of linoleum or other similar floor coverings shall be permitted, except with the prior written consent of Landlord, and as Landlord may direct. Tenant may hang pictures and plaques in the Premises.
11. No bicycles, vehicles or animals of any kind shall be brought into or kept in or about the Premises. Tenant shall not cause or permit any unusual or objectionable odors to be produced upon or permeate the Premises.
12. The Premises shall not be used for the storage of merchandise except as such storage may be incidental to the use of the Premises for medical practice purposes.
13. Neither Tenant nor any Tenant Party may bring or keep upon the Premises any inflammable, combustible or explosive fluid, chemical or substance, other than chemicals necessary for the practice of medicine and that otherwise comply with the Lease.
14. Canvassing, soliciting and peddling in the Building are prohibited and Tenant shall cooperate to prevent the same.
15. At any time while a watchman is in charge of the Building, any person entering or leaving the Building may be questioned by him as to such person's business in the Building; and anyone not satisfying the watchman of his/her right to enter the Building may be removed by the watchman.
16. Tenant agrees not to engage in the referral practice of radiology, imaging and scanning, clinical laboratory, physical therapy, occupational therapy or radiation therapy on the Premises, except, however, that Tenant may engage in such practices strictly and solely for use by Tenant and Tenant's own patients. Tenant agrees not to dispense any drugs for remuneration, but this shall not be deemed to prevent Tenant, if authorized under applicable law to do so, from lawfully administering drugs and medicine to Tenant's own private patients. Tenant agrees not to operate a public clinic of any kind or character on the Premises.
17. Tenant shall not: (a) use or permit any use or activity on the Premises that would increase the cost, violate or cause the cancellation of any insurance upon the Building; (b) commit or suffer upon the Premises any waste, any public or private nuisance or any act or thing which may disturb the quiet enjoyment of any other tenant in the Building; (c) allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, keeping, storing or selling intoxicating liquors, any kind of eating house, sleeping purposes, washing clothes, or cooking therein (except that the preparation of coffee, tea, hot chocolate and similar items for Tenant and its Representatives shall be permitted), and nothing shall be prepared, manufactured or mixed in the Premises that might

EXHIBIT B

TENANT IMPROVEMENTS (As Is Delivery)

The provision checked below applies to this Lease:

- Tenant represents and warrants that it has examined the Premises and found them to be satisfactory. Landlord anticipates that it will tender possession of the Premises in their current condition to Tenant on _____, 201__ (the "Estimated Delivery Date"). The "Rent Commencement Date" will be the date on which Landlord in fact tenders such possession.
- Tenant represents and warrants that it is currently in possession of the Premises under an existing lease with Landlord (or pursuant to a holdover under such a lease), that it has examined and is familiar with the Premises and that the Premises are satisfactory to Tenant. The "Rent Commencement Date" will be March 16, 2017 or upon full execution of the Lease ("Commencement Date").

Accordingly, Landlord will perform no Tenant Improvements with respect to the Premises, and Tenant will accept the Premises in their condition AS-IS, WHERE IS and WITH ALL FAULTS as of the date of this Lease. TENANT ACKNOWLEDGES THAT (1) NEITHER LANDLORD NOR ANY LANDLORD REPRESENTATIVE HAS MADE ANY WARRANTY, REPRESENTATION, COVENANT, OR AGREEMENT WITH RESPECT TO THE MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE PREMISES, (2) NO REPRESENTATIONS AS TO THE REPAIR OF THE PREMISES, NOR PROMISES TO ALTER, REMODEL OR IMPROVE THE PREMISES HAVE BEEN MADE BY LANDLORD OR ANY LANDLORD REPRESENTATIVE, AND (3) THERE ARE NO REPRESENTATIONS OR WARRANTIES, EXPRESSED, IMPLIED OR STATUTORY, THAT EXTEND BEYOND THE DESCRIPTION OF THE PREMISES. In no event shall Landlord have any obligation for any defects in the Premises or any limitation on its use. The taking or retention, as applicable, of possession of the Premises shall be conclusive evidence that Tenant has fully accepted the Premises and that the Premises were in good condition at the time possession was taken.

At any time during the Term, Landlord may cause the Premises to be re-measured in accordance with ANSI/BOMA Standard Z65.1-2010 ("BOMA"). Upon the certification of the results of such re-measurement to Landlord, the Base Rent and Allowance will be equitably adjusted on a per-square-foot basis to reflect the difference between such re-measured amount and the amount set forth in Basic Term (2) and Tenant or Landlord, as applicable, must pay or refund to the other party any resulting net under- or over-payment during the Term preceding such re-measurement. Absent manifest error, the determination of Landlord's measuring company will be final and not subject to appeal or contest by Tenant as to its measurement of the area of the Premises.

EXHIBIT C

INSURANCE

(a) Tenant is self-insured under the Tennessee Commission Act, Tenn. Code Ann. §§9-8-301 et seq. ("TCCA"), which covers certain tort liability for actual damages of up to \$300,000 per claimant and \$1,000,000.00 per occurrence. Any liability of Tenant to Landlord and third parties for any claims, damages, losses or costs arising out of or related to acts performed by Tenant under this Lease shall be governed by the TCCA. It is the intention of Tenant and Landlord that each shall be responsible for injury or loss as provided by applicable Tennessee law.

**RESOLUTION TO APPROVE THE BORROWING OF
MONEY BY ANOTHER METHOD BY THE TENNESSEE
BOARD OF REGENTS**

Recitals

Whereas, the Tennessee Board of Regents (“TBR”), on behalf of Chattanooga State Community College (“Chattanooga State”), desires to enter into an agreement to lease space (the “Lease”) in the Construction Career Center (“CCC”); and

Whereas, the owner of the CCC is The Building and Construction Workforce Center (the “Landlord”); and

Whereas, the CCC will house the office of the Association of General Contractors of East TN (“AGC”) and provide classroom and lab space (the “Space”) for the Tennessee College of Applied Technology at Chattanooga State (“TCAT Chattanooga”) to provide post-secondary educational opportunities in the construction trades through dual enrollment and other course offerings; and

Whereas, the CCC will also include, in the Space, four labs and attached classroom space, covered and outdoor lab space and laydown yard, event space for 200 people, student lounge areas, conference rooms, and a technology demonstration area; and

Whereas, it is anticipated that the AGC will host events (the “Events”) in the CCC to connect construction employers with prepared workers and highlight technology and innovation in the construction industry.

Whereas, TBR will, by separate agreement, contribute two million dollars (\$2,000,000) to the Landlord for partial funding of the costs of construction of the CCC, which sum was appropriated by the Tennessee General Assembly in the Fiscal Year 2021-22 budget for such purpose; and

Whereas, the Space comprises approximately twenty-four thousand six hundred twenty nine (24,629) square feet, or approximately ninety-eight per cent (98%) of the rentable space in the CCC; and

Whereas, the Lease is anticipated to commence on the date (the “Commencement Date”) that is thirty (30) days after the date a certificate of occupancy is issued for the CCC and the Landlord has completed all work necessary to permit Chattanooga State to use the Space to provide post-secondary educational opportunities and end on the date that is ten (10) years after the Commencement Date (the “Term”); and

Whereas, TBR shall not be obligated to pay any rent or any other costs or expenses associated with the Lease for the first three (3) years of the Term (the “Free Rent Period”) and after the expiration of the Free Rent Period, TBR shall pay rent (“Rent”) equal to its proportionate share based on square footage leased in the CCC of the rental costs which include, among other things, taxes, insurance, utilities and janitorial services; and

Whereas, TBR may terminate the Lease for convenience with ninety days (90) days’ written notice and at any time for cause; and

Whereas funding for payments of the Rent will come from revenues from dual enrollment courses, workforce development trainings, usage fees from Events, and revenues from other Chattanooga State and TCAT Chattanooga course offerings at the CCC.

BE IT RESOLVED BY THE TENNESSEE STATE SCHOOL BOND AUTHORITY:

1. In accordance with the authority provided by Tennessee Code Annotated Section 49-3-1205(11), the Tennessee State School Bond Authority (the “Authority”) gives its approval to TBR to enter into the Lease.

BE IF FURTHER RESOLVED that all resolutions or parts of resolutions in conflict are repealed, and the resolution shall be effective as of April 26, 2022.

Adopted by the Authority at its meeting on April 26, 2022.

JASON E. MUMPOWER, SECRETARY
TENNESSEE STATE SCHOOL BOND AUTHORITY

TENNESSEE BOARD OF REGENTS

Acquisition – Lease (Space)

Requested Action: **Approval of a lease with waiver of advertisement**

Transaction Description: Transaction No. 22-12-001

● **Proposed Lease**

- **Location:** Chattanooga State Community College (TCAT Chattanooga)
2225 Roanoke Avenue, Chattanooga, TN
- **Landlord:** Building and Construction Workforce Center
- **Term:** 10 Years
- **Area / Costs:** 24,629 Square Feet

Annual Contract Rent	\$0.00	\$0.00/sf
Estimated Annual Operating Cost (years 4-10)	\$200,000.00	\$8.12/sf
Total Annual Effective Cost	\$200,000.00	\$8.12/sf

- **Source of Funding:** Plant Funds (Non-Aux)
- **Procurement Method:** Negotiated
- **FRF Rate:** \$18.00/sf

Comment: A public/private effort is underway in Hamilton County to launch the Construction Career Center (CCC). The Landlord of the CCC is a 501c3 entity. Its Board of Directors includes the President of ChSCC, the President of the AGC, the Superintendent of Hamilton County Schools, the Mayor of Hamilton County and the Mayor of Chattanooga, and other government officials. The Legislature appropriated \$2 million in the FY 21/22 budget (Section 62, Item 1(f)) to fund construction/tenant improvements for a vocational trade school in Hamilton County and this lease will be for the space at that school.

The Landlord anticipates completing the construction work in July 2022 utilizing funds from Hamilton County, the City of Chattanooga, private donations, and the Legislative appropriation. Equipment and the IT infrastructure will be provided by ChSCC with reimbursement of up to \$1 million from Landlord. The Landlord will absorb the Operating Costs for the first 3 years of the term. Operating Costs listed above (\$8.12/sf) are estimated based on information provided by the Landlord. ChSCC anticipates paying for Operating Costs with revenues from dual enrollment courses, workforce development trainings, usage fees from entities hosting events in the event space, and revenues from other ChSCC and TCAT Chattanooga course offerings at the CCC.

The CCC will house the office of the Association of General Contractors of East TN (AGC) and provide classroom and lab space for TCAT Chattanooga to provide post-secondary educational opportunities in the construction trades through dual enrollment and other course offerings. The CCC will also include, in the TCAT Chattanooga space, 4 labs and attached classroom space, covered and outdoor lab space and laydown yard, event space for 200 people, student lounge areas, conference rooms, and a technology demonstration area. It is anticipated that the AGC will host events in the CCC to connect construction employers with prepared workers and showcase technology and innovation in the construction industry.

ChSCC can terminate for convenience on 90 days' notice.

Waiver of advertisement is requested because of the public/private nature of the Landlord entity.

SSC Report:

04/18/2022 [Action taken at Staff Sub meeting]



THE COLLEGE SYSTEM
of TENNESSEE

Office of Administration & Facilities Development
Department of Facilities Development

1 Bridgestone Park, Third Floor
Nashville, Tennessee 37214
615-366-4431 OFFICE 615-365-1512 FAX

tbr.edu

EXECUTIVE SUMMARY

A public/private effort is underway in Hamilton County to launch the Construction Career Center (CCC). The Landlord of the CCC is a 501c3 entity. Its Board of Directors includes the President of ChSCC, the President of the AGC, the Superintendent of Hamilton County Schools, the Mayor of Hamilton County and the Mayor of Chattanooga, and other government officials. The Legislature appropriated \$2 million in the FY 21/22 budget (Section 62, Item 1(f)) to fund construction/tenant improvements for a vocational trade school in Hamilton County. This lease will provide a mechanism to transfer those funds to the Landlord.

The CCC will house the office of the Association of General Contractors of East TN (AGC) and provide classroom and lab space for TCAT Chattanooga to provide post-secondary educational opportunities in the construction trades through dual enrollment and other course offerings. The CCC will also include, in the TCAT Chattanooga space, four labs and attached classroom space, covered and outdoor lab space and laydown yard, event space for 200 people, student lounge areas, conference rooms, and a technology demonstration area. It is anticipated that the AGC will host events in the CCC to connect construction employers with prepared workers and highlight technology and innovation in the construction industry.

The Landlord anticipates completing the construction work in July 2022 utilizing funds from Hamilton County, the City of Chattanooga, private donations, and the Legislative appropriation. Equipment and the IT infrastructure will be provided by ChSCC with funding coming from a \$750,000 State equipment grant and reimbursement of up to \$1 million from Landlord. The Landlord will absorb the Operating Costs for the first 3 years of the term. Operating Costs listed above are estimated based on information provided by the Landlord. ChSCC anticipates paying for Operating Costs with revenues from dual enrollment courses, workforce development trainings, usage fees from entities hosting events in the event space, and revenues from other ChSCC and TCAT Chattanooga course offerings at the CCC. ChSCC can terminate for convenience on 90 days' notice.

LEASE AGREEMENT FORM

(TBR institution is Lessee)

Administrative use only:

Agency: _____

Allotment Code: _____

No. _____

This Instrument Prepared By:



Tennessee Board of Regents

Third Floor

1 Bridgestone Park

Nashville, Tennessee 37214

This Lease, entered into as of this _____ day of _____, _____,
made by and between

Building and Construction Workforce Center

hereinafter called Lessor, and

the Tennessee Board of Regents, on behalf of

Chattanooga State Community College

hereinafter called the State.

WITNESSETH:

1. LOCATION: Lessor hereby leases unto the State those certain premises (the "Leased Premises") with the appurtenances situated in the building (the "Building") and on the land (together with the Building, the "Property") located in
County of Hamilton, City of Chattanooga, located at 2225 Roanoke Ave.

2. DESCRIPTION: The Leased Premises are more particularly described as follows:

The area identified in yellow containing approximately 24,629 square feet as shown on the Site Plan attached as Exhibit A. The Leased Premises does not include the area described as the "AGC Premises" (546) square feet on Exhibit A. The State shall have the right in common with other tenants of the Building to use the approximately 2,430 square feet that includes restrooms and entry identified in pink and shown on Exhibit A as "Shared Common" together with the land and areas outside of the Building for (i) ingress and egress to the Building, (ii) vehicle parking in the parking areas located on the land, and (iii) for other uses approved by Lessor (collectively, the "Common Areas"). The State acknowledges that the Common Areas may be utilized by other tenants, agents, invitees, employees, or visitors to the Building .

Being (part of) the same property further described in last recorded instrument conveyed to Lessor in Deed Book 12681, Page 239, recorded in the Register's Office, Hamilton County, Tennessee

3. TERM: The term of this Lease (the "Term") is anticipated to commence on the date (the "Commencement Date") that is thirty (30) days after the date a certificate of occupancy is

issued for the Building and Lessor has completed all work (the “Work”) necessary to permit the State to use the Leased Premises to provide post-secondary educational opportunities. The Work shall include all items in the Leased Premises contemplated by the Construction Contract (AIA Document A102 – 2017) dated November 2, 2021, between Lessor and T. U. Parks Construction Company, as amended by Change Order (No. 1) (AIA Document G701 – 2017) dated December 1, 2021. The Term shall end on the date that is ten (10) years after the Commencement Date.

In the event that the Term has not commenced prior to December 31, 2022, the State and Lessor will immediately begin discussions regarding this failure and the repayment to the State of the Construction Contribution (as hereinafter defined).

4. RENTAL:

- a) The parties acknowledge that in accordance with a Legislative appropriation to fund a portion of the Work and pursuant to a separate agreement, the State shall remit to Lessor the sum of \$2,000,000.00 (the “Construction Contribution”) within thirty (30) days after the full execution of this Lease. Lessor agrees that the State shall not be obligated to pay any rent or any other costs or expenses associated with this Lease for the first three (3) years of the Term (the “Free Rent Period”).
- b) After the expiration of the Free Rent Period, the State shall pay rent (“Rent”) equal to its proportionate share based on square footage leased on the Property of the “Rental Costs” for the Property which will be determined in accordance with Exhibit B to this Lease. Rent payable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified, based on the actual number of days in the month. Lessor acknowledges that funds received by the State from third parties whom the State allows to use portions of the Leased Premises pursuant to separate agreements will be used to pay Rent.
- c) Lessor shall complete and execute an Authorization Agreement for Automatic Deposits (ACH Credits) Form, using the form provided to Lessor by State. Once this executed form has been provided to State by Lessor, all payments to Lessor under this or any other contract Lessor has with the State of Tennessee, shall be made through the State of Tennessee’s Automated Clearing House wire transfer system. Lessor shall not invoice State for services until Lessor has executed this form and submitted it to State. The debit entries to correct errors authorized by the Authorization Agreement for Automatic Deposits Form shall be limited to those errors detected prior to the effective date of the credit entry. The remittance advice shall note that a correcting entry was made. All corrections shall be made within two banking days of the effective date of the original transaction. All other errors detected at a later date shall take the form of a refund or, in some instances, a credit memo if additional payments are to be made.

5. TERMINATION:

a) FOR CONVENIENCE:

State may terminate this Lease at any time by giving written notice to Lessor at least **90** days prior to the date when such termination becomes effective.

Notice shall commence on the day after the date of mailing.

- b) FOR CAUSE:** The State may in its sole discretion terminate this Lease at any time for any of the following causes:

- 1) Failure of Lessor to provide any of the services required under the terms of this Lease;
- 2) Failure by Lessor to make such modifications, alterations or improvements as may be necessary to ensure that the Leased Premises are brought up to, and maintained at, codes for building construction, health, fire and life safety, and handicapped accessibility, applicable to the Leased Premises, except where deficiencies are caused by State;
- 3) Failure to disclose any conflict or potential conflict of interest existing at the date of this Lease or hereafter created;
- 4) Termination or consolidation of the State operations or programs housed in the Leased Premises because of loss of funding or otherwise;
- 5) Lack of funding by the appropriate Legislative Body for obligations required of the State under this Lease;
- 6) Misrepresentations committed during the negotiation, execution, or term of this Lease;
- 7) The availability of space in State-owned property, provided that no cancellation for this reason may take place until the Lease has been in effect for one year; and,
- 8) Any other breach of the terms of this Lease by Lessor which is not adequately remedied within twenty (20) days of the mailing of written notices thereof to Lessor.

6. NOTICES: All Notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States mail, certified and postage prepaid, and addressed as follows:

To Lessor at:

**Building & Construction Workforce Center
Attn: Leslie Gower
1601 Gulf Street #300
Chattanooga, TN 37408**

To the State at:

**Tennessee Board of Regents
Office of Facilities Development
Third Floor
1 Bridgestone Park
Nashville, Tennessee 37214**

With copy to:

**Chattanooga State Community
College
Attn: _____
4501 Amnicola Highway
Chattanooga, TN 37406**

7. ASSIGNMENT AND SUBLETTING: The State shall not assign this Lease without the written consent of Lessor, but shall in any event have the right to sublet the Leased Premises. Lessor acknowledges the State intends to allow third parties, including the Association of General Contractors who is also leasing space in the Building, to use portions of the Leased Premises from time to time pursuant to separate agreements.

8. INSPECTION: Lessor reserves the right to enter and inspect the Leased Premises, at reasonable times, and to render services and make any necessary repairs to the Leased Premises.

- 9. ALTERATIONS:** The State shall have the right during the existence of this Lease to make interior, non-structural alterations, attach fixtures and erect additions, structures, or signs in or upon the Leased Premises, with the approval of Lessor, which shall not be unreasonably delayed or withheld. Such fixtures, additions, structures or signs so placed in or upon or attached to the Leased Premises under this Lease or any prior Lease of which this Lease is an extension or renewal shall be and remain the property of the State and may be removed therefrom by the State prior to the termination or expiration of this Lease or any renewal or extension thereof, or within a reasonable time thereafter. Additions and alterations to the structure must be approved in writing by Lessor. Notwithstanding anything to the contrary in this Lease, State acknowledges and agrees that, excluding the Leased Premises, various areas of the Building and the Common Areas will include signage from sponsors of the construction of the Building and sponsors of the programs conducted on the Property and that these signs may not be changed, modified, or removed without the express written consent of Lessor. In addition, the Common Areas may, from time to time, contain certain signage (analog and digital) that shall remain the property of Lessor. The parties acknowledge that the signage shall be under the exclusive control of Lessor. Notwithstanding anything to the contrary contained in this paragraph, Lessor agrees that no political advertising shall be placed in the Building and that Lessor shall promptly and reasonably consider any requests from the State to change, modify remove any advertising that the State reasonably considers to be detrimental to its operations in the Leased Premises.
- 10. SURRENDER OF POSSESSION:** Upon termination or expiration of this Lease, the State will peaceably surrender to Lessor the Leased Premises in as good order and condition as when received, reasonable use and wear thereof and damage by earthquake, fire, public calamity, the elements, acts of God, or circumstances over which the State has no control or for which Lessor is responsible pursuant to this Lease, excepted. The State shall have no duty to remove any improvements or fixtures placed by it on the Leased Premises or to restore any portion of the Leased Premises altered by it, save and except in the event the State elects to remove any such improvement or fixture and such removal causes damages or injury to the Leased Premises and then only to the extent of any such damage or injury.
- 11. QUIET POSSESSION:** Lessor agrees that the State, keeping and performing covenants contained herein on the part of the State to be kept and performed, shall at all times during the existence of this Lease peaceably and quietly have, hold and enjoy the Leased Premises, without suit, trouble or hindrance from Lessor, or any person claiming under Lessor.
- 12. REPAIR AND MAINTENANCE:**
- a) During the Term, Lessor shall maintain the Property, the Leased Premises and appurtenances which it provides in good repair and tenantable condition, including, but not limited to, the maintenance and repair of the elevator, if any, plumbing, heating, electrical, air conditioning and ventilating equipment and fixtures to the end that all such facilities are kept in good operating condition except in case of damage arising solely from a willful or negligent act of the State's agent, invitee, or employee.
 - b) Lessor's obligations shall also include, but are not limited to, periodic painting to the satisfaction of the State, furnishing and replacing electrical light bulbs, fluorescent tubes, ballasts and starters, and air conditioning and ventilating equipment filters.
 - c) In case Lessor, after notice in writing from the State requiring Lessor to comply with the requirements of this paragraph in regard to a specified condition, shall fail, refuse or neglect to comply therewith, or in the event of an emergency constituting a hazard to the

health or safety of the State's employees, property, or invitees, the State may perform such maintenance or make such repair at its own cost and, in addition to any other remedy the State may have, may deduct the amount thereof from the rent that may then be or thereafter become due hereunder.

13. APPROPRIATIONS: All terms and conditions of this Lease are made subject to the continued appropriations by the appropriate Legislative Body.

14. DESTRUCTION:

- a) If the Leased Premises are totally destroyed by fire or other casualty, this Lease shall terminate. If such casualty shall render ten percent (10%) or less of the floor space of the Leased Premises unusable for the purpose intended, Lessor shall effect restoration of the Leased Premises as quickly as is reasonably possible, but in any event within sixty (60) days of the date of the casualty.
- b) In the event such casualty shall render more than ten percent (10%) of such floor space unusable but not constitute total destruction, Lessor shall forthwith give notice to State of the specific number of days required to repair the same. If Lessor under such circumstances shall not give such notice within fifteen (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than ninety (90) days to complete from date such notice is given, State, in either such event, at its option, may terminate this Lease or, upon notice to Lessor, may elect to undertake the repairs itself, deducting the cost thereof from the rental due to become due under this Lease and any other lease between Lessor and State.
- c) In the event of any such destruction other than total, where the State has not terminated the Lease as herein provided, or pursuant to the terms hereof has not elected to make the repairs itself, Lessor shall diligently prosecute the repair of the Leased Premises and, in any event, if repairs are not completed within the period of sixty (60) days for destruction aggregating ten percent (10%) or less of the floor space, or within the period specified in Lessor's notice in connection with partial destruction aggregating more than ten percent (10%), the State shall have the option to terminate this Lease or complete the repairs itself, deducting the cost thereof from the rental due or to become due under this Lease and any other lease between Lessor and State.
- d) In the event the State remains in possession of the Leased Premises though partially destroyed, the rental as herein provided shall be reduced by the same ratio as the net square feet the State is thus precluded from occupying bears to the total net square feet in the Leased Premises. "Net square feet" shall mean actual inside dimensions and shall not include public corridors, stairwells, elevators, and restrooms.

15. SERVICES AND UTILITIES:

- a) Lessor shall furnish to the State, during Lease term, at Lessor's sole cost, the following services, utilities and supplies: (Enter "X" in each applicable box)

<input checked="" type="checkbox"/>	1) All utilities (except telephone)	<input checked="" type="checkbox"/>	5) Hot and Cold Water Equipment
<input checked="" type="checkbox"/>	2) Janitor Services & Supplies	<input checked="" type="checkbox"/>	6) Restroom Supplies
<input checked="" type="checkbox"/>	3) Drinking Fountain	<input checked="" type="checkbox"/>	7) Heat Equipment
<input type="checkbox"/>	4) Elevator Service	<input checked="" type="checkbox"/>	8) Air Conditioning Equipment

- b) The **janitorial service**, if provided above, shall be provided in accordance with the following schedule:
- 1) **Daily:**
Dust all furniture, counters, cabinets and window sills; sweep all floors, empty all wastebaskets and ashtrays; dispose of all rubbish; clean and maintain in sanitary condition all restrooms and plumbing fixtures; sweep sidewalks, stairways and halls; remove snow from entrance ways and parking areas if present; clean the parking area; and replace light bulbs, tubes, ballasts and starters if necessary.
 - 2) **Weekly:**
Mop all floors and dust all venetian blinds. Vacuum carpets, if any.
 - 3) **Every Other Month:**
Strip and wax all floors.
 - 4) **Semi-Annually:**
Wash all windows, venetian blinds, light fixtures, walls and painted surfaces.
- c) In the event of the failure by Lessor to furnish any such services, utilities or supplies in a satisfactory manner, the State may furnish the same at its own cost, and, in addition to any other remedy the State may have, may deduct the amount thereof from the rent due under this Lease or any other payments that may then be or thereafter become due hereunder.

16. SERVICES CREDIT: Lessor agrees that the rental provided under the terms of Paragraph 4 hereof is based in part upon the costs of the services, utilities, and supplies to be furnished by Lessor pursuant to Paragraph 15 hereof and that should the State vacate the Leased Premises prior to the end of the term of this Lease, or, if after notice in writing from the State, all or any part of such services, utilities or supplies for any reason are not used by the State, then, in such event, the monthly rental rate as to each month or portion thereof as to which such services, utilities or supplies are not used by the State shall be reduced by an amount equal to the average monthly costs of such unused services, utilities or supplies during the six-month period immediately preceding the first month in which such services, utilities or supplies are not used.

17. TIME OF THE ESSENCE: Time is of the essence of this Lease, and the terms and provisions of this Lease shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns to the respective parties hereto.

18. HOLDING OVER: In the event the State remains in possession of the Leased Premises after the expiration of the term of this Lease, or any extension thereof, this Lease shall be automatically extended on a month to month basis, subject to thirty (30) days termination by either party, and otherwise on the terms and conditions herein specified, so far as applicable.

19. FINANCIAL INTEREST: Lessor will provide or has provided to the State a list of names and addresses of persons, associations, or corporations who hold any financial interest in the Property; such list shall be immediately revised in the event of a transfer of any such interest.

20. CODES: Lessor shall maintain the Building in accordance with all fire, building and life safety codes and the Americans with Disabilities Act.

21. SPACE AUDIT: Lessor certifies that the amount of space, as described in Paragraph 2 above, is accurate to the best of its knowledge. The State reserves the right to perform physical

measurements of the space and adjust the rental amount based upon the amount of space as measured. If the measured amount is less than the amount of space indicated in Paragraph 2 above, the adjustment in rent shall be a percentage reduction equal to the percentage difference between the space as reported by Lessor and that actually measured by the State. In all cases, the State shall use the current Building Owner's and Manager's Association (BOMA) standards of measurements for either single or multi-tenant occupancy, whichever is applicable.

- 22. PEST CONTROL:** Lessor shall maintain the Building in a condition that is free of pests, rodents, and other vermin.
- 23.** Lessor fully understands that this Lease is not binding except and until all appropriate State officials' signatures have been fully obtained, approval of this Lease has been given by the State Building Commission, if applicable, and the fully executed document returned to Lessor.
- 24. Payment of Taxes:** Lessor, by virtue of leasing property to the State, does not become a State agency, entity, or employee, and is not entitled to any rights, privileges, or immunities pertaining to the State or its agencies and instrumentalities. Lessor shall pay all applicable taxes by virtue of ownership of the Property.
- 25.** Prior to the execution of this Lease, the special provisions which are described below and/or attached hereto and incorporated by reference were agreed upon:
 - a)** The renovation activities (the "Renovation") Lessor has undertaken on the Property, including the Work, are generally described in the "Budget" attached hereto as Attachment A and which is incorporated in the Lease by reference. Lessor agrees to perform the Renovation in accordance with the estimated cost per line-item and source of funding set forth on Attachment A. Lessor represents to the State that Lessor has sufficient committed funds to complete the Renovation.
 - b)** Lessor warrants that no part of the Rent shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to Lessor in connection with any work contemplated or performed relative to this Lease.
 - c)** Lessor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Lease or the Renovation or in the employment practices of Lessor on the grounds of disability, age, race, color, religion, sex, veteran status, national origin, or any other classification protected by Federal, or State constitutional or statutory law. Lessor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
 - d)** Lessor shall maintain documentation for all charges against the State under this Lease. The books, records, and documents of Lessor, insofar as they relate to work performed or money received under this Lease, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly

appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

e) All procurements of goods, materials, supplies, equipment, or services by Lessor to fulfill its obligations under this Lease shall be made on a competitive basis, when practical.

f) From and after the effective date of this Lease, Lessor shall carry adequate liability and other forms of insurance maintained by other reasonable commercial landlords, including without limitation, property insurance in an amount equal to the replacement cost of the Building.

[Signatures on following page]

IN WITNESS WHEREOF, this Lease has been executed by the parties hereto as of the date of the last signature:

LESSOR

STATE

Building and Construction Workforce
Center

Tennessee Board of Regents, on behalf of
Chattanooga State Community College

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: President

By: _____
Flora W. Tydings, Chancellor
Tennessee Board of Regents

Approved for Form and Legality:

Herbert H. Slatery III
Attorney General & Reporter

Exhibit A

Site Plan
(attached)



OVERALL BUILDING PLAN
SCALE: 1/8" = 1'-0"



- OFFICE
- SHARED COMMON: 1,025 SF
- REC.: 445 SF
- CIRC.: 4,855 SF

1	CHANGE THE PARTITION WALL BETWEEN ROOMS 201 & 202 TO A 1/2" Gypsum Board Partition Wall. The new partition wall shall be 1/2" thick and shall be supported by a 2x4 wood stud. The new partition wall shall be finished with a white vinyl wall covering.
2	REMOVE THE EXISTING PARTITION WALL BETWEEN ROOMS 201 & 202. The new partition wall shall be 1/2" thick and shall be supported by a 2x4 wood stud. The new partition wall shall be finished with a white vinyl wall covering.
3	REMOVE THE EXISTING PARTITION WALL BETWEEN ROOMS 201 & 202. The new partition wall shall be 1/2" thick and shall be supported by a 2x4 wood stud. The new partition wall shall be finished with a white vinyl wall covering.
4	REMOVE THE EXISTING PARTITION WALL BETWEEN ROOMS 201 & 202. The new partition wall shall be 1/2" thick and shall be supported by a 2x4 wood stud. The new partition wall shall be finished with a white vinyl wall covering.
5	REMOVE THE EXISTING PARTITION WALL BETWEEN ROOMS 201 & 202. The new partition wall shall be 1/2" thick and shall be supported by a 2x4 wood stud. The new partition wall shall be finished with a white vinyl wall covering.
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10	REMOVE THE EXISTING PARTITION WALL BETWEEN ROOMS 201 & 202. The new partition wall shall be 1/2" thick and shall be supported by a 2x4 wood stud. The new partition wall shall be finished with a white vinyl wall covering.

Exhibit B

Rental Costs

1. Rental Costs.

(a) “Rental Costs” shall mean any and all costs and expenses in the categories set forth in this Subsection (a) paid or incurred by Lessor, during a calendar year commencing January 1 and ending December 31. If Rental Costs are calculated for a partial calendar year, an appropriate adjustment shall be made.

i. The amount of real estate taxes, personal property taxes, assessments, state and local taxes or any other governmental tax assessed against the Property and all improvements now or hereafter located thereon, including the adjacent walks and landscaped areas, offset by any tax refund received by Lessor with respect to the Property during the Term. If the tax year for real estate taxes shall be changed, then an appropriate adjustment shall be made in computation of the Rental Costs 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 Lessor in contesting the validity or the amount of the assessed valuation or of any taxes for any year with respect to the Property.

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

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

v. The cost of electricity consumed at the Property.

vi. The cost of heating consumed in the operation of the Property.

vii. The cost of cooling consumed in the operation of the Property.

viii. The water and sewer costs incurred in the operation of the Property.

ix. The amount expended for maintenance and operation of all elevators and heating and air conditioning equipment on the Leased Premises.

x. The amount expended for maintenance and operation of all security systems of the Property.

xi. The cost of purchasing or renting all materials including supplies, tools and equipment used in the maintenance, operation or repair of the Property, including all sales

and excise taxes applicable thereto, and the cost of periodic maintenance and restoration of common areas, elevators, heating, air conditioning, electrical, plumbing and other utility and equipment systems and Leased Premises 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 Leased Premises.

xii. The cost of cleaning and janitorial services for the Property including the Leased Premises if paid by Lessor.

(b) Notwithstanding the foregoing, the Rental Costs shall not include (i) income or franchise taxes or any other taxes imposed upon or measured by Lessor's income or profits, (ii) compensation or other financial benefits (other than the management fee) paid to Lessor's members, officers, directors, or stockholders; (iii) costs and expenses, of whatever nature, payable by Lessor 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 State) at the cost of such tenant; and (v) any expense for which Lessor is reimbursed by Lessor's general contractor based on contractor warranties or by insurance, condemnation or otherwise.

2. Rental Cost Statement.

(a) As soon as practical after January 1st of each year of the Term, but no later than April 15, Lessor shall furnish to the State a statement ("Rental Cost Statement") made in accordance with generally accepted accounting principles showing the Rental Cost for the preceding year of the Term, and any additional Rent, if any, due from the State after deducting the previous year's Rent payments. In the event any additional Rent is due based on the Rental Cost Statement, the State shall pay to Lessor such additional payment within thirty (30) days following the receipt by the State of the Rental Cost Statement.

(b) Lessor's books and records pertaining to the calculation of Rental Cost for any calendar year within the Term may be audited by the State or its representatives at Lessor's office where Rental Cost records are kept, at the State's expense, at any time within one hundred twenty (120) days after the Rental Cost Statement is delivered to Tenant for such calendar year; provided that the State shall give Lessor not less than thirty (30) days' prior written notice of any such audit. If Lessor's calculations of Rent for the audited calendar year was incorrect, then (i) Lessor shall promptly refund such excess to the State or (ii) the State shall within thirty (30) days pay to Lessor the amount of any underpayment, as the case may be. Notwithstanding anything to the contrary in this section, if Lessor's calculation of Rent for the audited calendar year was incorrect by more than 10%, then Lessor shall promptly reimburse the State for all reasonable costs associated with the audit.

3. Calculation and Payment of Rent.

(a) No later than January 1 of each year during the Term when the State will be required to pay Rent, Lessor shall deliver to the State a statement showing its estimate of the State's proportionate share of the Rental Cost for that calendar year (the "Current Year Estimate").

(b) After the Free Rent Period, the State shall pay Rent to Lessor monthly in arrears an amount equal to the Current Year Estimate divided by twelve (12). If Lessor determines that the Rental Cost for any year of the Term will be higher than the Current Year Estimate, then Lessor shall send written notice of its revised Current Year Estimate, and subsequent payments by the State for such year shall be based upon such revised Estimate of the Current Year Estimate, so long as the State received such notice thirty (30) days prior to the date the adjusted payment is due. Failure to make a revision contemplated by the immediately preceding sentence shall not prejudice Lessor's right to collect the full amount of Rent due from the State.

Attachment A
Budget

Construction Career Center Budget			
March 18, 2022			
Revenue	Current Comittments	Received	Balance
Hamilton County	2,000,000	2,000,000	0
City of Chattanooga	2,000,000	2,000,000	0
State of Tennessee	2,000,000		2,000,000
AGC East Tennessee	350,000	62,500	287,500
AGC Member Pledges			
Lawson Electric	50,000	50,000	0
P&C Construction	25,000	25,000	0
TU Parks	50,000		50,000
EMJ Corp	100,000		100,000
Triad Electric	5,000	5,000	0
Adman Electric	50,000		50,000
Jake Marshall Services	10,000	10,000	0
Construction Consultants	10,000		10,000
Brock Insurance	10,000		10,000
Builders Mutual	10,000		10,000
Fulmer Concrete	10,000		10,000
Chattanooga Gas	25,000	25,000	0
J&J Contractors	5,000	5,000	0
Foundation Donations			
Benwood Foundation	400,000	200,000	200,000
Lyndhurst Foundation	400,000	400,000	0
Maclellan Foundation	375,000	130,000	245,000
McKee Foundation	200,000	200,000	0
Community Foundation	79,684	79,684	0
Hamico	200,000		200,000
Bobby Stone Foundation	200,000		200,000
Bridge Foundation	10,000		10,000
John Foy	100,000		100,000
Anonymous	30,000	30,000	0
Southface Grant	225,000	150,000	75,000
Chattanooga State FFE Grant	750,000		750,000
TOTAL	9,679,684	5,372,184	4,307,500

Expenses				
		Budget	Paid	Balance
Construction Costs		6,463,000	522,437	5,940,563
FFE		1,750,000	0	1,750,000
Contingency Fees		155,000	49,026	105,974
Professional Services				
	Legal	90,000	58,890	31,110
	Misc Admin		195	-195
	Development	80,000	40,000	40,000
	Design Fees	437,000	312,873	124,127
3-Years Operating Expenses		600,000	0	600,000
	TOTAL	9,575,000	983,421	8,591,579