

**FORSYTH COUNTY**  
**BOARD OF COMMISSIONERS**

**BRIEFING  
DRAFT**

MEETING DATE: JUNE 12, 2017

AGENDA ITEM NUMBER: 15

**SUBJECT: RESOLUTION CONSENTING TO THE ASSIGNMENT OF THE LEASE OF COUNTY OWNED PROPERTY LOCATED AT 650 N. HIGHLAND AVENUE BY CENTERPOINT HUMAN SERVICES TO CARDINAL INNOVATIONS HEALTHCARE**

**COUNTY MANAGER'S RECOMMENDATION OR COMMENTS:**

**SUMMARY OF INFORMATION:**

ATTACHMENTS:  YES  NO

SIGNATURE: \_\_\_\_\_

COUNTY MANAGER

DATE: \_\_\_\_\_

**RESOLUTION CONSENTING TO THE ASSIGNMENT OF THE LEASE OF COUNTY OWNED PROPERTY LOCATED AT 650 N. HIGHLAND AVENUE BY CENTERPOINT HUMAN SERVICES TO CARDINAL INNOVATIONS HEALTHCARE**

**WHEREAS**, on June 22, 2015, the Forsyth County Board of Commissioners adopted a Resolution Authorizing Execution of a forty-year Ground Lease Agreement Between Forsyth County and CenterPoint Human Services for County Owned Property Located at 650 North Highland Avenue, Winston-Salem, N.C., further identified as the Forsyth Industrial Systems Building on 3.49 acres at a rate of \$1.00 per year; for the purpose of providing mental health treatment and administrative programs to the citizens of Forsyth County; and

**WHEREAS**, CenterPoint Human Services ceased operations effective June 30, 2016 and requested the County's consent to assign the above-described Ground Lease Agreement to Cardinal Innovations Healthcare; and

**WHEREAS**, the provisions of the Ground Lease Agreement authorize the tenant to assign the said Lease upon obtaining the prior consent of Forsyth County, which consent shall not be unreasonably withheld or denied by Forsyth County; and

**WHEREAS**, pursuant to the provisions of N.C.G.S. 160A-274, Forsyth County is authorized to lease any interest in real property to another governmental unit, which includes any authority such as Cardinal Innovations Healthcare, upon such terms and conditions as it deems wise;

**NOW, THEREFORE, BE IT RESOLVED** that the Forsyth County Board of Commissioners hereby determines that the above-described property, which is the subject of the proposed assignment of lease, will not be needed for County purposes during the remainder of the forty-year ground lease term.

**BE IT FURTHER RESOLVED** that the Chairman or County Manager and the Clerk to the Board are hereby authorized to execute, on behalf of Forsyth County, an assignment to Cardinal Innovations Healthcare of the forty-year Ground Lease Agreement of the property located at 650 North Highland Avenue, Winston-Salem, N.C., further identified as the Forsyth Industrial Systems Building on 3.49 acres, at a rate of \$1.00 per year, subject to a pre-audit certificate thereon by the County Chief Financial Officer, if applicable, and approval as to form and legality by the County Attorney.

Adopted this 12<sup>th</sup> day of June 2017.

June 14, 2016

RECEIVED  
JUN 16 2016  
COUNTY MANAGER  
COMMISSIONERS' OFFICE

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Forsyth County  
Attn: County Manager  
201 N. Chestnut Street  
Winston-Salem, NC 27101

Re: Assignment of Ground Lease Agreement (the "Lease")  
650 N. Highland Avenue, Winston-Salem, NC

To Whom it May Concern:

As you may know, CenterPoint Human Services ("CenterPoint") is ceasing operations effective June 30, 2016. Cardinal Innovations Healthcare ("Cardinal Innovations") will be providing services to the geographic area formerly served by CenterPoint. We hereby give notice that CenterPoint is assigning and transferring its rights and obligations under the Lease to Cardinal Innovations effective July 1, 2016.

Thank you for your attention to this matter.

Best regards,



Betty P. Taylor, Esquire  
CEO/Area Director

Cc: James D. Wall, Esq.

**RESOLUTION AUTHORIZING EXECUTION OF A GROUND LEASE  
AGREEMENT BETWEEN FORSYTH COUNTY AND CENTERPOINT HUMAN  
SERVICES FOR COUNTY OWNED PROPERTY LOCATED AT  
650 HIGHLAND AVENUE, WINSTON-SALEM, N.C.  
(GENERAL SERVICES DEPARTMENT)**

WHEREAS, Forsyth County owns property located at 650 Highland Avenue, Winston-Salem, N.C., more specifically identified as the Forsyth Industrial Systems (FIS) Building on 3.49 acres, on which the County proposes to enter a ground lease with CenterPoint Human Services for a period of forty years beginning July 1, 2015 and expiring on June 30, 2055 at a rate of \$1.00 per year for the purpose of providing mental health treatment and administrative programs to the citizens of Forsyth County; and

WHEREAS, on February 9, 2015, the Forsyth County Board of Commissioners adopted a Resolution Authorizing Execution of a three-year Lease Agreement Between Forsyth County and Monarch, a non-profit corporation, for lease of County Owned Property Located at 650 Highland Avenue, Winston-Salem, N.C., however, since that action was taken an agreement was reached between Forsyth County, Monarch, and CenterPoint that the property should be the subject of a Ground Lease between Forsyth County and CenterPoint and that Monarch would lease other County owned space in the Behavioral Health Complex, therefore, eliminating the necessity for a lease between Forsyth County and Monarch of the FIS Building as authorized in the February 9<sup>th</sup> Resolution; and

WHEREAS, the County does not have a need for the property located at 650 Highland Avenue for County purposes during the term of the proposed ground lease to CenterPoint Human Services and County staff recommends that the Forsyth County Board of Commissioners authorize execution of the said lease; and

WHEREAS, pursuant to the provisions of N.C.G.S. 160A-274, Forsyth County is authorized to lease any interest in real property to another governmental unit, which includes any authority such as CenterPoint Human Services, upon such terms and conditions as it deems wise.

NOW, THEREFORE, BE IT RESOLVED that the Forsyth County Board of Commissioners hereby determines that the above-described property which is the subject of the proposed lease agreement between Forsyth County and CenterPoint Human Services will not be needed for County purposes during the term of the proposed forty-year ground lease.

BE IT FURTHER RESOLVED that the Chairman or County Manager and the Clerk to the Board are hereby authorized to execute, on behalf of Forsyth County, a forty-year Ground Lease Agreement of the property located at 650 Highland Avenue, Winston-Salem, N.C., further identified as the Forsyth Industrial Systems Building on 3.49 acres, at a rate of \$1.00 per year, subject to a pre-audit certificate thereon by the County Chief Financial Officer, if applicable, and approval as to form and legality by the County Attorney.

Adopted this the 22<sup>nd</sup> day of June 2015.

**ADOPTED  
JUN 22 2015**

Forsyth County Board  
of Commissioners

## GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (the "Lease") made this \_\_\_ day of August, 2015 (the "Effective Date", which is the date that this Lease is executed by the last of the parties hereto), between FORSYTH COUNTY, a political subdivision of the State of North Carolina, with an address 201 N. Chestnut Street, Winston-Salem, North Carolina 27101 (the "Landlord"), and CENTERPOINT HUMAN SERVICES, a state-mandated Local Management Entity and Medicaid-funded Managed Care Organization (LME/MCO), with an address of 4045 University Parkway, Winston-Salem, North Carolina 27106 (the "Tenant").

### R E C I T A L S

A. Landlord is the fee owner of an approximately 4.1+/- acre tract of land as shown on Exhibit A attached hereto and incorporated by reference (the "Demised Premises").

B. Tenant proposes to construct and occupy upon and use the Demised Premises for a Behavioral Health Urgent Care and Facility-Based Crisis Center, ("Tenant's Intended Uses") in general accordance with the preliminary site plan attached hereto as Exhibit A.

C. Tenant desires to lease from Landlord and Landlord desires to lease to Tenant the Demised Premises upon the terms, conditions, covenants, and agreements set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and the foregoing recitals which are incorporated herein, the parties hereto, intending to be legally bound hereby, covenant as follows:

### ARTICLE I DEMISE OF PREMISES; WARRANTIES; LEASECONTINGENCIES

Section 1.1 Demise. Subject to Sections 1.3 hereof, as well as all other terms, conditions and covenants hereinafter set forth, Landlord hereby leases and permits the use to Tenant, and Tenant hereby leases from Landlord the Demised Premises.

Section 1.2 Shared Parking. In addition to the Demised Premises, Tenant, at all times during the Lease Term, shall have the right to use 52 parking spaces within the parking lot shown on Exhibit B (the "Parking Lot"). Landlord shall, at all times during the Lease Term, reasonably maintain the Parking Lot (including, but not limited to, snow removal).

**Section 1.3 Feasibility Period.** From the Effective Date until the Lease Commencement Date (the "Feasibility Period"), Tenant shall have the right to determine, in Tenant's sole discretion, whether the Demised Premises is suitable for Tenant's Intended Uses. If during the Feasibility Period Tenant determines, in its sole discretion, that the Demised is unsuitable for Tenant's Intended Uses or that Tenant's proposed acquisition and operation of the Demised Premises is not feasible, then Tenant shall have the right to terminate this Lease by delivery of written notice to Landlord at the address set forth in Section 19.1 prior to the expiration of the Feasibility Period. During the Feasibility Period, Tenant, its agents and representatives, shall have the right to enter upon the Demised Premises at any time for purposes of conducting such inspections and testing of the Demised Premises as Tenant shall deem necessary, including, without limitation, soil boring tests and an environmental audit, as long as the Demised Premises is restored to substantially the same condition as it was found. Tenant agrees to indemnify, defend, and hold Landlord harmless from and against all claims, liabilities, injuries, damages and costs directly caused by Tenant's entry upon the Demised Premises and such inspections. Landlord shall in good faith cooperate with Tenant in facilitating Tenant's inspections and testing of the Demised Premises and shall work together in good faith with Tenant to pursue the completion of all governmental approvals as may be required for Tenant's permitted use hereunder and shall execute all necessary and appropriate applications and/or instruments in connection therewith.

**Section 1.4 Recombination Plat.** Tenant, at Tenant's cost and expense, shall be responsible for preparing and recording a recombination plat to combine the two existing parcels at the subject property (650 Highland Avenue and 911 E. Fifth Street, Winston-Salem, North Carolina) into a single legal parcel. The Demised Premises shall be the portion of this new legal parcel.

**Section 1.5 Copies of Reports.** If Landlord requests copies of any due diligence reports, Tenant shall provide such reports to Landlord, provided, however, that Landlord acknowledges and agrees that all such reports provided to Landlord by Tenant are for informational purposes only and shall not be relied upon by Landlord.

## ARTICLE II CONSTRUCTION OF IMPROVEMENTS

**Section 2.1 Tenant's Construction.** Tenant agrees to the following in connection with Tenant's construction:

(a) **Tenant's Improvements.** Tenant shall construct upon the Demised Premises a Behavioral Health Urgent Care and Facility-Based Crisis Center (referred to collectively as "Tenant's Improvements"). The parties understand that construction of the Tenant Improvements is intended to commence prior to December 31, 2015; however, in no event shall the construction of Tenant Improvements commence later than December 31, 2016 and be completed no later than December 31, 2017. In the event that Tenant does not comply with the foregoing construction dates, Landlord shall have the option to terminate this Agreement immediately. Prior to erecting Tenant's Improvements, Tenant,

at Tenant's sole cost and expense, shall demolish all structure(s) existing on the Demised Premises which have not been removed by the Landlord prior to the Effective Date (the "Existing Improvements"). Before commencing any construction activities regarding Tenant's Improvements, a set of proposed building/construction plans (including a site plan) shall be presented to and approved in writing by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. After the initial construction of Tenant's Improvements, construction activities (including alterations) at the Demised Premises that require a governmental permit shall require Landlord's approval as follows: (i) if the total cost of such construction is less than \$5,000.00, then a set of proposed building/construction plans (including a site plan, if applicable) shall be presented to and approved in writing by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Landlord shall deliver notice of its approval or of any objections it may have to such plans within thirty (30) days of the delivery of the plans to Landlord. If Landlord has not delivered any objections to the proposed plans to Tenant prior to said deadline, then the proposed plans shall be deemed to have been approved by Landlord; and (ii) if the total cost of such construction is more than \$5,000.00, then a set of proposed building/construction plans (including a site plan, if applicable) shall be presented to and approved in writing by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed and shall include the approval of the Forsyth County Board of Commissioners. Landlord shall deliver notice of its approval or of any objections it may have to such plans within sixty (60) days of the delivery of the plans to Landlord. If Landlord has not delivered any objections to the proposed plans to Tenant prior to said deadline, then the proposed plans shall be deemed to have been approved by Landlord. Tenant shall provide Landlord with seven (7) days' prior written notice of the date that Monarch, Inc. will move out of the Existing Improvements, and Landlord shall have thirty (30) days from the date that Monarch vacates the Existing Improvements to remove any of Landlord's personal property and/or fixtures from the Demised Premises. Landlord acknowledges that any items of personal property and/or fixtures remaining on the Demised Premises by Landlord or Landlord's tenants may be disposed of, discarded, or destroyed by Tenant, in Tenant's sole discretion, if such items of personal property and/or fixtures remain on the Demised Premises after such thirty (30) day period. In the event that the Landlord does not require the full thirty (30) day period, Landlord shall provide Tenant with written notice that the removal of Landlord's personal property and/or fixtures is complete and Tenant may commence demolition at that time.

(b) Permits and Code Compliance. Prior to Tenant's commencement of construction, Tenant shall obtain all necessary governmental approvals for the construction of Tenant's Improvements. All of Tenant's Improvements shall be constructed in a good and workmanlike manner in compliance with all applicable building codes, ordinances, regulations and permits of any governmental authorities having jurisdiction.

(c) Lien Indemnification. Tenant shall indemnify, defend, and hold Landlord harmless from and against any and all actions, claims, and demands arising out

of or related to the filing of mechanic's liens against the Demised Premises by Tenant's contractors or subcontractors, as the case may be.

(d) Construction and Staging Area. During the construction of Tenant's Improvements, Tenant shall have the right to use the area shown on Exhibit C (the "Construction Area") for the purposes of construction, staging, and storage. Tenant shall install temporary fencing around the Construction Area. Upon completion of the construction the Tenant Improvements, Tenant shall remove the temporary fencing and shall restore the Construction Area to its prior condition. Tenant agrees to indemnify, defend, and hold Landlord harmless from and against all claims, liabilities, injuries, damages and costs directly caused by Tenant's use of the Construction Area as described in this Section 2.1(d). Construction traffic will be from Carl Russell Avenue only

### ARTICLE III TERM AND RENEWAL TERM

**Section 3.1 Initial Term.** The initial term of the Lease ("Lease Term") shall be for a period of forty (40) years commencing on August 17, 2015 (the "Lease Commencement Date").

**Section 3.2 Termination.** The Tenant has the right to terminate the Lease (i) on the tenth (10<sup>th</sup>), fifteenth (15<sup>th</sup>), twentieth (20<sup>th</sup>), twenty-fifth (25<sup>th</sup>), thirtieth (30<sup>th</sup>), or thirty-fifth (35<sup>th</sup>) anniversary of the Lease Commencement Date by giving Landlord at least three (3) months written notice prior to any such termination dates, or (ii) by giving written notice to the Landlord upon the termination of funding necessary for Tenant to carry on its business at the Demised Premises, in which event, this Lease shall terminate three (3) months after the date written notice is delivered to Landlord. At the termination of the Lease, all Tenant Improvements shall revert to Landlord; provided that, in the event construction of the Tenant Improvements is incomplete when the Lease is terminated, Tenant may, upon written notice from the Landlord, be required to remove all of the Tenant Improvements. For the purposes of this section, "incomplete" shall mean the inability to obtain a permanent certificate of occupancy with respect to the Tenant Improvements.

**Section 3.3 Memorandum of Lease.** Simultaneously with the execution of this Lease, the parties agree to execute a memorandum of this Lease in the form attached hereto as Exhibit D and incorporated herein by reference (the "Memorandum of Lease") which Memorandum of Lease shall be recorded by Tenant in the Forsyth County Registry. All recording fees for the Memorandum of Lease shall be paid by Tenant.

**Section 3.4 Lease Year.** During the Term of this Lease, a lease year shall mean a period of twelve (12) consecutive months, except that the first lease year shall begin on the Lease Commencement Date and shall end the following calendar year on the last day of that calendar month preceding the month of the Lease Commencement Date.



**ARTICLE IV  
RENT**

Section 4.1 **Rent.** Tenant shall pay to Landlord, without demand, deduction or set off, an annual rental for the Demised Premises of \$1.00.

Section 4.2 **Rent Payment Dates.** Tenant shall make all payments of rent under this Lease on or before December 31 of each Lease Year. Notwithstanding the foregoing, Tenant may prepay rent, in whole or in part, at any time.

Section 4.3 **Triple Net Lease.** This Lease shall be deemed a "triple net" lease, and Tenant shall pay or provide for all costs and expenses relating to the Demised Premises and Tenant's use and occupation thereof which may arise or become due during the term of this Lease as if Tenant were the owner of the Demised Premises, with the exception of payments for interest due and amortization on any Landlord mortgages against the Demised Premises.

**ARTICLE V  
INDEMNIFICATION AND INSURANCE**

Section 5.1 **Indemnification.** During the Term of this Lease, Tenant agrees to indemnify, defend, and hold Landlord harmless from and against any and all actions, claims and demands arising out of the use, occupancy, construction on or non-use of the Demised Premises by Tenant or the failure of Tenant to maintain the Demised Premises as herein provided, including, but without limitation of the foregoing, any liability arising out of or related to Tenant's failure to comply with any federal, state, county or municipal environmental statute, ordinance, rule or regulation, together with any carelessness, negligence, or improper conduct by Tenant or its agents, employees, business invitees, suppliers or licensees, and any and all costs, expenses and fees, including reasonable attorney's fees, incurred by Landlord incident thereto. Notwithstanding the foregoing, Tenant shall not indemnify nor save Landlord harmless from any such action, claim or demand arising solely out of Landlord's failure to perform its obligations under this Lease or for negligent or tortious acts or omissions committed by Landlord or Landlord's agents or employees.

Section 5.2 **Tenant's Liability Insurance.** During the Term of this Lease, Tenant at Tenant's sole cost, shall obtain and maintain, with a reputable insurer reasonably acceptable to Landlord, for the benefit of Landlord and Tenant as their respective interests may appear, commercial general liability insurance policy against any loss or liability for damages and any expense of Tenant against any claim for damages which may result from the use or occupation or condition of the Demised Premises, in an amount of One Million Dollars (\$1,000,000.00) for combined single limit for bodily injury and property damage and a Two Million Dollar (\$2,000,000.00) umbrella liability policy. Tenant shall name Landlord as an additional insured as its interests may appear under said insurance policies and the Tenant shall furnish the Landlord with copies of the certificates of insurance evidencing coverage under the said policies. In addition to the

foregoing, such policies shall contain provisions, by endorsement or otherwise, that the coverages cannot be canceled without thirty (30) day's notice to Landlord.

**Section 5.3 Tenant's Property Insurance.** During the Term of this Lease, Tenant shall keep the building or buildings, including all improvements, alterations, additions or changes thereto by Landlord or Tenant, insured against damage or destruction by fire and the perils covered under a special risk insurance policy to the extent of the full replacement value thereof at time of the loss. Tenant shall name Landlord as an additional insured as its interests may appear under the aforesaid insurance policy and, upon Landlord's request, furnish the Landlord with a copy of the certificate of insurance evidencing coverage under the said policy. Such policy shall contain a provision, by endorsement or otherwise, that the coverage cannot be canceled without thirty (30) days' notice to Landlord.

**Section 5.4 Waiver of Subrogation.** Each party hereby releases the other party hereto from liability for any loss or damage to any building, structure or tangible personal property, or any resulting loss of income, or losses under worker's compensation laws and benefits, notwithstanding that such loss, damage or liability may arise out of the negligent or intentionally tortious act or omission of the party or its Agents, if such loss or damage is covered by insurance benefitting the party suffering such loss or damage or was required to be covered by insurance pursuant to this Lease. Each party hereto shall require its insurers to include in its insurance policies a waiver of subrogation clause (providing that such waiver or right of recovery against the other party shall not impair the effectiveness of such policy or the insured's ability to recover thereunder), and shall promptly notify the other in writing if such clause cannot be included in any such policy. If such waiver of subrogation clause shall not be available, then the foregoing waiver of right of recovery shall be void.

## ARTICLE VI TAXES

**Section 6.1 Taxes.** During the Term of this Lease, Tenant shall pay all real estate taxes which may be levied, assessed or charged against the Demised Premises or any part thereof by any governmental authority accrued on or after the Lease Commencement Date. If and when any real estate taxes are levied, Landlord agrees to use its best efforts to arrange for the direct mailing of such tax bills from the appropriate taxing authorities to Tenant. In the event Landlord is unable to arrange for such direct mailing, Landlord agrees to deliver copies of such tax bills to Tenant no later than one (1) month prior to their discount due date, or within seven (7) days from the date such bill is received by Landlord, whichever date is earlier. Tenant, at its sole cost and expense, may, if it shall so desire, endeavor at any time or times to obtain a reduction of the assessed valuation of the Demised Premises for any tax year during the term of this Lease and, in such event, Landlord will, at the request of Tenant and without expense to Landlord, cooperate with Tenant in effecting such reduction. Tenant shall be authorized to collect any tax refund payable as a result of any proceeding Tenant may institute for

that purpose and any such tax refund shall be the property of Tenant to the extent to which it may be based on a payment made by Tenant.

## ARTICLE VII UTILITIES; EASEMENTS

**Section 7.1 Utilities.** During the Term of this Lease, Tenant shall pay and promptly discharge all charges by any public or private utility for gas, water, sewage, electricity or other utilities or services furnished to the Demised Premises.

**Section 7.2 Utility Easements.** Landlord will grant to Tenant, or to such public and quasi-public utilities as Tenant may reasonably request, easements upon, over, and across the Demised Premises for the purpose of installing, laying, relaying or relocating water, sanitary sewer, storm sewer, gas, electrical, telephone or other utility transmission lines necessary to serve Tenant's operation and use.

## ARTICLE VIII MAINTENANCE AND REPAIRS

**Section 8.1 Tenant's Obligations.** During the Term of this Lease, Tenant shall keep, maintain, repair and replace all of Tenant's Improvements as appropriate, including without limitation by specification, the foundation, roof, exterior walls, structural portions, and exterior glass and windows of the building, as well as mechanical, plumbing, heating, air conditioning, sprinkler and electrical systems and utility service lines therein, the plumbing system to and from the Demised Premises, and the driveways, parking areas and grounds within the Demised Premises. Tenant will take good care thereof and will maintain and make all required repairs thereto, and will suffer no waste or injury thereto. At the expiration or other termination of the Term, Tenant shall surrender the Demised Premises in substantially the same order and condition which they are in on the Lease Commencement Date, excepting, however, ordinary wear and tear, damage by the elements, casualty damage and Landlord's retention rights under Section 10.3 hereof.

**Section 8.2 Landlord's Right of Entry.** Provided there is no disruption of Tenant's use of the Demised Premises and subject to all applicable privacy laws and regulations, including, but not limited to the Health Insurance Portability and Accountability Act of 1996 (as amended from time to time), Tenant will permit Landlord, or its agents or representatives, to enter the Premises, without charge therefor to Landlord and without diminution of the rent payable by Tenant, to examine, inspect and protect the Demised Premises and the Building, to comply with and carry out Landlord's obligations under this Lease, and to exhibit the same to prospective tenants (provided that Tenant's consent, which shall not be unreasonably withheld, shall be required if the Premises are to be exhibited to a prospective tenant more than twelve (12) months prior to the expiration of the Term of this Lease). In connection with any such entry, Landlord shall reasonably endeavor to minimize the disruption to Tenant's use of the Demised Premises,

and shall reasonably endeavor to give Tenant at least twenty-four (24) hours advance notice of such entry (except in the event of an emergency).

## ARTICLE IX ASSIGNMENT

**Section 9.1 Assignment and Subletting by Tenant.** Provided that at the time of any such assignment or subletting Tenant is not then in default of this Lease, Tenant may assign or sublet the Demised Premises, for use as a Behavioral Health Urgent Care and Facility Based Crisis Center, as follows:

(a) Tenant obtains the prior consent of Landlord, which consent shall not be unreasonably withheld or denied by Landlord;

(b) Notwithstanding Section 9.1(a) above, Tenant may assign this Lease, without the written consent of Landlord, to: (i) any corporation, partnership or other entity, which may, as a result of a reorganization, merger, acquisition, consolidation, or sale of assets succeed to the business now being carried on by Tenant; or, (ii) any subsidiary or affiliated entity of Tenant, so long as such entity remains a subsidiary or affiliate of Tenant and continues to use the Demised Premises as a Behavioral Health Urgent Care and Facility Based Crisis Center that serves Forsyth County in addition to any other counties in its catchment area;

(c) Upon any assignment or sublet by Tenant, Tenant shall remain jointly and severally liable for rents and other obligations due under this Lease upon any default by the assignee or the subtenant. In the event that the Landlord's mortgagee requires approval of assignments, then Landlord agrees to cooperate in obtaining such mortgagee approval.

**Section 9.2 Assignment by Landlord.** This Lease is fully assignable and transferable by Landlord.

## ARTICLE X PERSONAL PROPERTY

**Section 10.1 Personal Property.** Tenant, at its sole cost and expense, shall place or install such fixtures, furniture, furnishings, equipment and other personal property on the Demised Premises as Tenant shall deem necessary for the efficient conduct of Tenant's business.

**Section 10.2 Signs.** Tenant may, at its sole cost and expense, place such signs on the Demised Premises as may be permitted by applicable zoning ordinances.

**Section 10.3 Tenant's Right to Remove Personal Property.** Any of the personal property which may be placed on the Demised Premises by Tenant are to remain the property of Tenant and it shall have the right to remove the same at any time, except

that Tenant shall be responsible for the cost of any repairs of any damage to the Demised Premises caused by the removal of such personal property. Any equipment not removed by the Tenant within sixty (60) days after the termination of this Lease shall become the property of Landlord and may be kept or removed from the Demised Premises by Landlord at the cost of Tenant.

## ARTICLE XI DEFAULT; REMEDIES

**Section 11.1 Tenant's Default.** It shall be an event of default hereunder if:

(a) Tenant shall fail to pay rent or other sum of money becoming due hereunder for a period of ten (10) days after written notice of such default has been received by Tenant (provided that no notice shall have to be given of a late rent payment more than one (1) time per calendar year); or

(b) Tenant shall default in the performance of any other of the terms, conditions or covenants contained in this Lease to be observed or performed by it and Tenant does not remedy such default within thirty (30) days after it has received written notice thereof or, if such default cannot be remedied in such period, does not within such thirty (30) days commence such act or acts as shall be necessary to remedy the default and shall not thereafter diligently proceed to cure such defaults; or

(c) Tenant shall become bankrupt or insolvent, or file any debtor proceedings, or file in any court pursuant to any statute, either of the United States or of any state a petition in bankruptcy or insolvency or for reorganization; or file or have filed against it a petition for the appointment of a receiver or trustee for all or substantially all of the assets of the Tenant and such appointment shall not be vacated or set aside within fifteen (15) days from the date of such appointment.

(d) Tenant shall fail to commence construction of the Tenant Improvements by December 31, 2016 or shall fail to complete the Tenant Improvements by December 31, 2017.

**Section 11.2 Landlord's Remedies.** In the event of any default by Tenant under Section 11.1 hereof, Landlord may at once thereafter or at any time subsequently during the existence of such breach or default, enter into and upon the Demised Premises or any part thereof and repossess the same, expelling and removing therefrom all persons and terminate this Lease.

## ARTICLE XII RIGHT OF FIRST REFUSAL

- Intentionally Deleted -

**ARTICLE XIII  
RESTRICTIVE COVENANTS**

- Intentionally Deleted -

**ARTICLE XIV  
BROKER'S COMMISSION**

Section 14.1 Broker's Commission. Landlord and Tenant each warrant to the other that there are no claims for brokerage commissions or finder's fees in connection with the execution of this Lease. Landlord and Tenant each agree to indemnify, defend and hold the other party harmless from all liabilities arising from claims for all such commissions, including reasonable attorney's fees and legal costs incurred.

**ARTICLE XV  
DESTRUCTION OF PREMISES**

Section 15.1 Restoration. Tenant shall promptly notify Landlord of any material damage or casualty to the Demised Premises. Except as expressly provided in Section 15.2 below, after any damage or casualty to the Demised Premises, Tenant shall, upon receipt of insurance proceeds, promptly repair and restore the Demised Premises to substantially same condition prior to such damage or destruction so that the fair market value of the Demised Premises are substantially equal to the value thereof immediately prior to the casualty.

Section 15.2 Termination. If the damage or casualty occurs during the last two (2) years of the Term, and if the cost or restoration exceeds fifty percent (50%) of the replacement cost of the Tenant Improvements, then Tenant may terminate this Lease by giving Landlord written notice within ninety (90) days after the occurrence of such casualty. If the Lease is not terminated, Tenant shall be obligated to restore the Demised Premises as provided in Section 15.1 above. If this Lease is terminated, Tenant shall be required to clear the Demised Premises of all damage or destruction and pay over to Landlord insurance proceeds for Tenant's building, less the cost of clearing the damage and debris. Notwithstanding the foregoing, Tenant shall be entitled to insurance proceeds attributable to Tenant's trade fixtures and personal property, business interruption and other components of insurance coverage not related to the Demised Premises.

**ARTICLE XVI  
EMINENT DOMAIN**

Section 16.1 Eminent Domain. The Tenant shall have the option to terminate this Lease upon sixty (60) days written notice if the Demised Premises, or any part thereof, is condemned or sold in lieu of condemnation (in either event, a "Taking"). In the event of any such Taking of any portion of the Demised Premises, Landlord and Tenant shall divide any sum received, awarded or paid with respect to the Demised Premises by reason of such Taking (the "Award") by the ratio of the "Landlord's

Interest" to the "Tenant's Interest"; provided, however, that the portion of any Award attributable to land only or Landlord's fee interest in the land shall be paid in its entirety to Landlord. "Landlord's Interest" and "Tenant's Interest" shall (i) be based on the values of their respective interests in Tenant's Improvements (including Landlord's reversionary interests) as determined immediately prior to the Taking and as if such Taking did not occur, and (ii) take into account the length of the then current Term of this Lease remaining in effect at the time of the Taking. For example, if the value of Tenant's Interest is twice the value of Landlord's Interest, Tenant shall receive two-thirds of the remaining portion of the Award to be allocated under this Section 16.1, and Landlord shall receive the remaining one-third of such Award. If the values of Landlord's Interest and Tenant's Interest are determined in the condemnation proceeding, such values shall be conclusive upon Landlord and Tenant. If such values are not separately determined in the condemnation proceeding, the values shall be fixed by agreement between Landlord and Tenant, or if Landlord and Tenant are unable to agree upon such values within thirty (30) days after the Taking occurs, then the values shall be determined by appraisal prepared by a qualified appraiser mutually selected in writing by both parties. This Section 16.1 shall not apply to any separate award made to Tenant for relocation and moving expenses, which Tenant may retain in full.

#### ARTICLE XVII GOVERNMENT REGULATION

Section 17.1 Government Regulation. At Tenant's expense, Tenant will comply with all laws, ordinances, rules and regulations of any federal, state and municipal government or their appropriate regulatory agencies now in force or which may hereafter be in force, relating to the carrying on of Tenant's business.

#### ARTICLE XVIII ENVIRONMENTAL WARRANTIES

- Intentionally Deleted -

#### ARTICLE XIX NOTICES

Section 19.1 Notices. Any notice, demand, consent, authorization or other communication (collectively, a "Notice") which either party is required or may desire to give to, or make upon, the other party pursuant to this Agreement shall be effective and valid only if in writing, signed by the party giving such Notice, and delivered (a) personally to the other party, (b) sent by next day express courier or delivery service, providing for a receipt, (c) by registered or certified mail of the United States Postal Service, return receipt requested, addressed to the other party as follows (or to such other address or person as either party or person entitled to Notice may by notice to the other specify):

If to Landlord:

Forsyth County  
Attn: County Manager  
201 N. Chestnut Street  
Winston-Salem, NC 27101

If to Tenant:

CenterPoint Human Services  
Attn: Betty Taylor  
4045 University Parkway  
Winston-Salem, NC 27106

With a Copy to:

Wall Babcock LLP  
Attn: James D. Wall, Esq.  
1076 W. Fourth Street  
Winston-Salem, NC 27101

Unless otherwise specified, Notices shall be deemed given when sent.

**ARTICLE XX  
SUBORDINATION; MORTGAGES;  
ESTOPPEL CERTIFICATES**

- Intentionally Deleted -

**ARTICLE XXI  
COVENANT OF QUIET ENJOYMENT**

**Section 21.1 Quiet Enjoyment.** During the term of this Lease, the Landlord covenants that Tenant shall have the right to occupy and enjoy the Demised Premises peaceably and quietly and in accordance with the terms of this Lease, so long as Tenant complies with all terms and conditions of this Lease and is not in default, beyond any applicable grace period.

**ARTICLE XXII  
MISCELLANEOUS PROVISIONS**

**Section 22.1 Binding Effect; Successors and Assigns.** This Lease shall be binding upon, and inure to the benefit of the parties hereto, Tenant's successors and assigns, and Landlord's heirs, successors and assigns.

**Section 22.2 Entire Agreement.** This Lease shall be deemed to include the entire agreement between the parties hereto and no waiver of any right, agreement or condition hereof and no modification hereof shall be binding upon either of the parties hereto unless in writing and signed by the party to be charged therewith.



**Section 22.3 Headings.** The headings as to the contents of particular Articles and Sections herein are inserted only for convenience and are in no way to be construed as part of this Lease or as a limitation on the scope of the particular Articles or Sections to which they refer.

**Section 22.4 Partial Invalidity.** In the event any provision of this Lease or part thereof shall be determined by any court of competent jurisdiction to be invalid, void or otherwise unenforceable, the remaining provisions hereunder, or parts thereof, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, it being understood that such remaining provisions shall be construed in a manner most closely approximating the intention of the parties which respect to the invalid, void or unenforceable provision or part thereof.

**Section 22.5 Construction.** Wherever used in this Lease the singular shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders, together with a corporation or other entity, as may be appropriate.

**Section 22.6 Governing Law.** This Lease shall be construed and enforced in accordance with the laws of the State of North Carolina.

**Section 22.7 Time of the Essence.** Time shall be of the essence with regard to all time requirements contained herein.

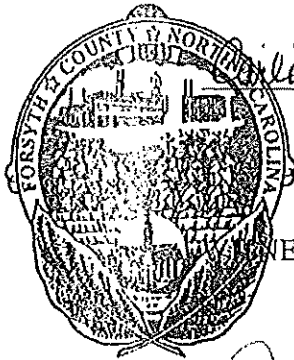
**Section 22.8 Calculation of Time.** Except as to Section 3.1 (relating to the Lease Commencement Date) and Section 4.2 (relating to the Rent Payment Date), any period of time referred to in this Lease shall be so computed as to exclude the first day and include the last day of such period. If the last day of any such period shall fall on a Saturday or Sunday, or on any day made a legal holiday by the laws of the United States, such day shall be omitted from the computation.

**Section 22.9 No Joint Venture.** Nothing contained herein shall be deemed or construed by the parties hereto nor by any third party as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their hands and seals the day and year first above written.

WITNESS/ATTEST:

LANDLORD:  
FORSYTH COUNTY



J. O. Blount

By: J. Dudley Watts 9-24-15  
Name: J. Dudley Watts, Jr.  
Title: County Manager

WITNESS/ATTEST:

TENANT:  
CENTERPOINT HUMAN SERVICES

Jessica K. Burns

By: Betty P. Taylor  
Name: Betty P. Taylor  
Title: CEO

Approved as to form and legality

SEP 24 2015

FORSYTH COUNTY, N.C.  
By: [Signature]  
Assistant County Attorney

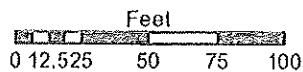


# Exhibit B: CenterPoint Parking

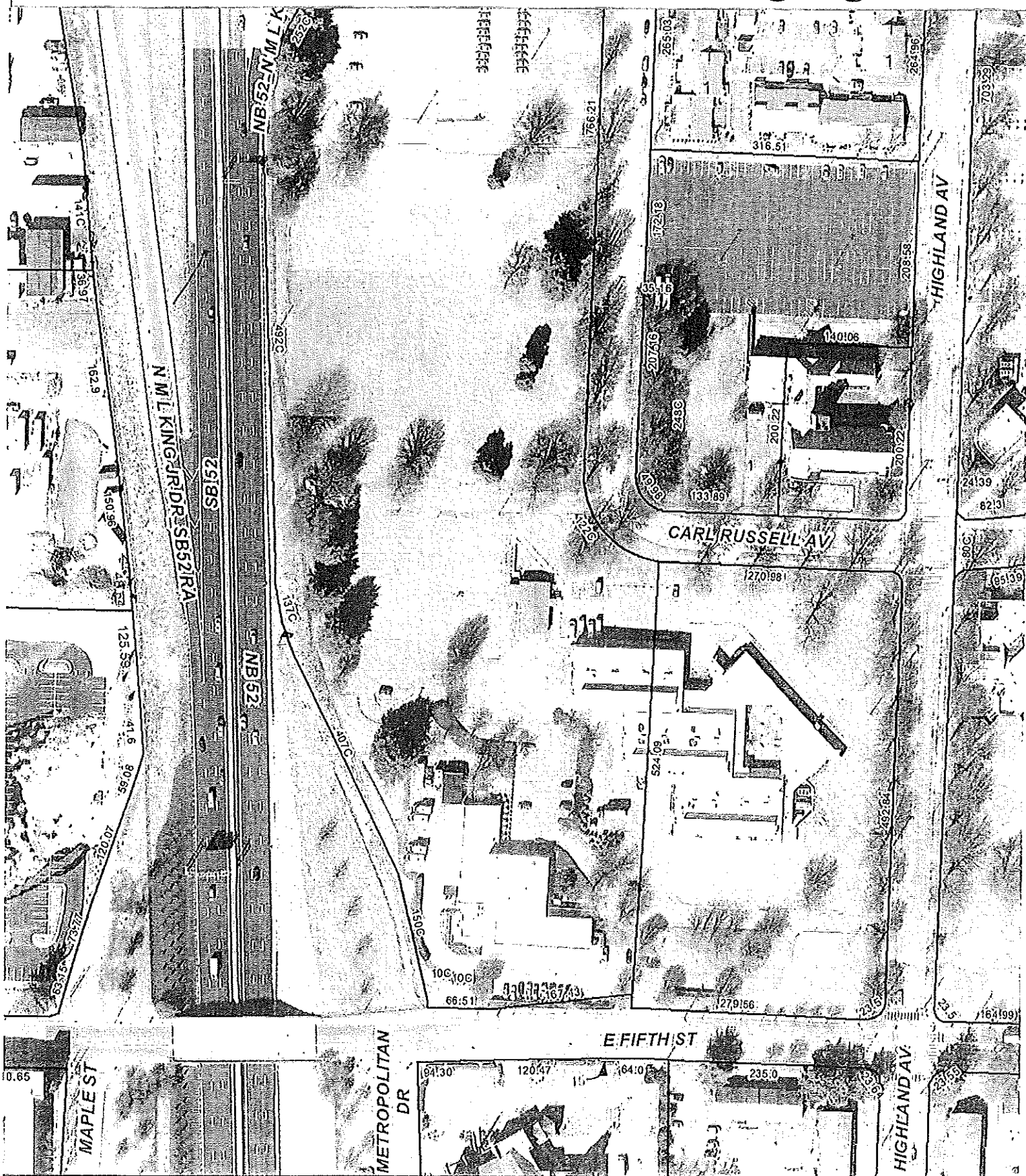


September 23, 2015

CenterPoint Parking Lot



# Exhibit C: Construction & Staging Area



September 23, 2015

Construction & Staging Area



EXHIBIT D

Memorandum of Lease

Prepared by and return to:  
Wall Babcock LLP (JKB)  
1076 West Fourth Street  
Winston-Salem, North Carolina 27101

STATE OF NORTH CAROLINA                    )  
  )  
COUNTY OF FORSYTH                        ) **MEMORANDUM OF LEASE**  
  ) (650 Highland Ave. & 911 E. Fifth St.)

This Memorandum of Lease (the "Memorandum") is made by and between **FORSYTH COUNTY**, a political subdivision of the State of North Carolina ("Landlord") and **CENTERPOINT HUMAN SERVICES**, a state-mandated Local Management Entity and Medicaid-funded Managed Care Organization (LME/MCO)("Tenant").

WITNESSETH:

Landlord and Tenant have entered into that certain Ground Lease Agreement dated August \_\_\_\_, 2015 (the "Lease"), in connection with which this Memorandum of Lease is executed, to wit:

1. The name of the Landlord in the Lease is as set forth above and the address of the Landlord is:

201 N. Chestnut Street  
Winston-Salem, NC 27101

2. The name of the Tenant in the Lease is as set forth above and the address of the Tenant is:

4045 University Parkway  
Winston-Salem, NC 27106

3. The property leased by Landlord to Tenant (the "Premises") is known and designated as 650 Highland Avenue and 911 E. Fifth Street, Winston-Salem, North Carolina, as more particularly shown on Exhibit A attached hereto and incorporated herein by reference.

4. The term of the Lease commences on August 17, 2015 and (subject to the terms of the Lease) terminates on August 17, 2055.

5. Further notice is hereby given of the terms and conditions set forth in the Lease in addition to those described above. Copies of the Lease are in the possession of the Landlord and Tenant. The terms and conditions of the Lease are by this reference incorporated herein and made a part hereof.

IN WITNESS WHEREOF, the parties have executed this Memorandum on the dates set forth below.

LANDLORD:

TENANT:

FORSYTH COUNTY

CENTERPOINT HUMAN SERVICES

By: [Signature]  
Name: J. Dudley Watts, Jr.  
Title: County Manager  
Date: 8-24-15

By: [Signature]  
Name: Betty P. Taylor  
Title: CEO  
Date: 8.10.15

NORTH CAROLINA, Guilford COUNTY

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document: GROUND LEASE AGREEMENT mlh  
Betty P. Taylor

Date: 8-10-15

[Signature]  
Notary Public

Print Name: MARSHA L. HONEYCUTT

[Official Seal]

My commission expires: 4-15-2019

NORTH CAROLINA, Forsyth COUNTY

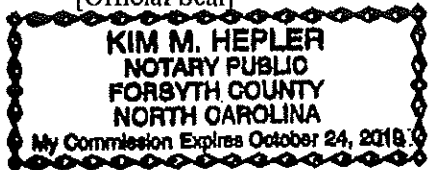
I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document: J. Dudley Watts, Jr.

Date: 9-24-15

[Signature]  
Notary Public

Print Name: Kim M. Hepler

[Official Seal]



My commission expires: 10-24-19

Exhibit A

to  
Memorandum of Lease

BEING that certain portion of the following legal description as shown on attached Exhibit A-1 to this Memorandum of Lease:

Exhibit A-1  
to

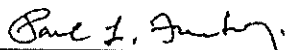


**Memorandum of Lease**

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

8/28/2015

Date

  
Director of Finance