

FORSYTH COUNTY
BOARD OF COMMISSIONERS

**BRIEFING
DRAFT**

MEETING DATE: JUNE 12, 2017

AGENDA ITEM NUMBER: 16

SUBJECT: RESOLUTION CONSENTING TO THE ASSIGNMENT OF THE LEASE OF COUNTY OWNED PROPERTY LOCATED AT 651 N. HIGHLAND AVENUE BY CENTERPOINT HUMAN SERVICES TO CARDINAL INNOVATIONS HEALTHCARE

COUNTY MANAGER'S RECOMMENDATION OR COMMENTS:

SUMMARY OF INFORMATION:

ATTACHMENTS: YES NO

SIGNATURE: _____ DATE: _____
COUNTY MANAGER

RESOLUTION CONSENTING TO THE ASSIGNMENT OF THE LEASE OF COUNTY OWNED PROPERTY LOCATED AT 651 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 three-year Lease Agreement Between Forsyth County and CenterPoint Human Services for County Owned Property Located at 651 North Highland Avenue, Winston-Salem, N.C., and consisting of 12,891 square feet, 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 Lease Agreement to Cardinal Innovations Healthcare; and

WHEREAS, the provisions of the Lease Agreement authorize the tenant to assign the said Lease upon obtaining the prior consent of Forsyth County, which consent shall be at the sole discretion of Forsyth County as landlord; 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 three-year 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 three-year Lease Agreement of the property located at 651 North Highland Avenue, Winston-Salem, N.C., and consisting of 12,891 square feet, 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 12th day of June 2017.

June 14, 2016

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

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

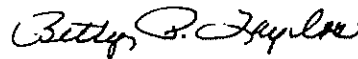
Re: Assignment of Lease Agreement (the "Lease")
651 N. Highland Avenue, Winston-Salem, NC

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.

RECEIVED
JUN 16 2016
**COUNTY MANAGER'S/
COMMISSIONERS' OFFICE**

LEASE AGREEMENT

THIS LEASE AGREEMENT, effective as of the ___ day of _____, 2015, is made by and between **FORSYTH COUNTY**, a political subdivision of the State of North Carolina, with an address 201 N. Chestnut Street, Winston-Salem, North Carolina 27101, hereinafter referred to as 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, hereinafter referred to as Tenant.

WITNESSETH:

WHEREAS, Landlord owns a certain building located at 651 North Highland Avenue, Winston-Salem, North Carolina, as more particularly described or shown on **Exhibit A** attached hereto and incorporated herein by reference (the "Premises"); and

WHEREAS, Tenant desires to enter into this Lease for the Premises on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the agreements and covenants hereinafter mentioned and expressed, to be fulfilled and performed by the Tenant, Landlord does hereby lease unto Tenant for the term hereinafter specified, the Premises.

TO HAVE AND TO HOLD said Premises unto Tenant, upon the following conditions:

1

TERM

This Lease shall commence on August 17, 2015 (the "Commencement Date") and shall expire three (3) years after the Commencement Date (the "Term").

2

RENT

Tenant shall pay to Landlord, without demand, deduction or set off, an annual rental for the Premises of \$1.00. Tenant shall make all payments of rent on or before December 31 of each Lease Year. Notwithstanding the foregoing, Tenant may prepay rent, in whole or in part, at any time.

UTILITIES

Tenant shall be responsible for the furnishing and payment of heat, gas, water and sewer, electricity, cable television and any public or private utilities as well as landscaping (if any), janitorial and garbage collection services of any kind. Landlord shall not be liable for failure of any services at the Premises.

INSURANCE AND TAXES

(a) Tenant shall obtain and keep in force at all times during the Term hereof general liability insurance 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, which policy insures against all liability of Tenant arising out of or in connection with Tenant's use of the Premises, naming Landlord as an additional insured under such policy.

(b) Tenant shall pay on demand, as additional rent, any Taxes (defined below) imposed upon the Premises during the term hereof. For purposes of this Lease, the term "Taxes" shall include ad valorem taxes and assessments imposed upon the Premises whether such governmental levies are ordinary or extraordinary, foreseen or unforeseen.

USE OF PREMISES BY TENANT

Landlord covenants and agrees that Tenant, during the term of this Lease, shall have full control and use of the Premises for the following purposes: the treatment and administration of behavioral health programs. Tenant shall not use or allow the Premises or any part thereof to be used or occupied for any other use or for any unlawful purpose.

RESPONSIBILITIES OF PARTIES

(a) Except where caused by Landlord's intentional acts or acts of negligence, Landlord shall not be liable for any personal injury to Tenant, or any officer, agent, employee, contractor, servant, invitee, or guest of Tenant, or for any damage to any property of Tenant, or any officer, agent, employee, contractor, servant, invitee, or guest of Tenant.

(b) Tenant shall indemnify and hold Landlord harmless from and against any and all claims, damages, losses, liabilities, lawsuits, costs and expenses (including reasonable attorneys' fees at all tribunal levels) arising out of or related to (i) any activity, work, or other thing done, permitted or suffered by Tenant in or about the Premises, (ii) any breach or default by Tenant in the performance of any of its obligations under this Lease, or (iii) any act or neglect of Tenant, or any officer, agent, employee, contractor, servant, invitee, or guest of Tenant. The above language notwithstanding, Landlord shall remain liable for intentional acts and/or acts of negligence on its part or on the part of its agents or employees, and shall indemnify and hold harmless Tenant from and against any and all claims, damages, losses, liabilities, lawsuits, costs and expenses (including reasonable attorneys' fees at all tribunal levels) arising out of or related to the negligence or willful misconduct of Landlord.

7

CONDITION OF PREMISES, MAINTENANCE AND SIGNS

(a) The Premises is delivered to Tenant in "as is" condition and Tenant shall be responsible at Tenant's own expense for all additions, alterations, improvements, partitions, or other installations to the Premises, and such work shall be made in a workmanlike manner; provided, however, Tenant shall make no addition, alteration, improvement, partition or other installation without first (i) submitting written plans to Landlord, and (ii) obtaining the written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed.

(b) Subject to Sections 7(c-d) below, Tenant shall keep in good order, condition and repair the building located at the Premises (the "Building"), including both the interior and exterior of the Building, including structural and non structural, including, without limiting the generality of the foregoing, all plumbing, heating, air conditioning, ventilating, electrical lighting facilities and equipment, fixtures, walls (interior and exterior), floors, foundations, roof, windows and doors ("Tenant's Maintenance Obligation").

(c) With respect to Tenant's Maintenance Obligation as described above, Tenant shall be responsible for paying the first \$25,000.00 per Lease year towards Tenant's Maintenance Obligation, and Landlord shall be responsible for paying all amounts above said amount. Notwithstanding anything to the contrary herein, Tenant shall be responsible for the following expenses, none of which shall reduce its \$25,000 Tenant Maintenance Obligation: cleaning of the interior of the Building, replacement or addition of fixtures, consumables, or equipment; any addition, alteration, improvement, partition, installation, or upfitting of the Premises; and any repair or maintenance required by any damage caused by Tenant, its Sublessee or its invitees.

(d) Landlord shall keep in good order, condition and repair all areas of the Premises located outside the Building, including all landscaping, driveways, sidewalks and parking lots, including snow removal. In addition, Landlord shall maintain a

contract, at Landlord's sole cost and expense, with a reputable heating, air conditioning and ventilating company (HVAC) to perform regular inspection and maintenance of the HVAC system located at the Premises.

(e) Tenant may place or erect an exterior sign upon the Premises provided that Tenant has received prior, written permission from Landlord.

8

REMOVAL OF FIXTURES

Tenant shall have the right at any time to remove from the Premises all furniture, equipment, trade fixtures and other personal property owned and placed in or on said Premises by Tenant, provided the same are removed without damage to the Premises and are removed upon the expiration or termination of the term of this Lease.

9

DAMAGE OR DESTRUCTION

If at any time during the Term the Premises are damaged by a fire or other casualty, either party may elect to terminate this Lease upon notice to the other party. If Landlord elects to restore the Premises and Tenant does not terminate this Lease, then, (i) Landlord shall promptly restore the Premises, excluding improvements installed by Tenant, (ii) Tenant at Tenant's expense shall promptly perform all repairs or restoration not required to be done by Landlord and shall promptly re-enter the Premises and commence doing business in accordance with this Lease, and (iii) rent shall be abated for the period of repair and restoration in the proportion which the area of the Premises, if any, which is not usable by Tenant bears to the total area of the Premises.

10

EMINENT DOMAIN

If any part of the Premises should be taken for any public or quasi-public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a "Taking" or "Taken"), then either party may terminate this Lease upon notice to the other party. If part of the Premises shall be Taken, and this Lease is not terminated as provided above, the rent payable hereunder during the unexpired Term shall be reduced to such extent as may be fair and reasonable under the circumstances.

ASSIGNMENT OR SUBLETTING

(a) Provided that at the time of any such assignment or subletting Tenant is not then in default of this Lease, Tenant may assign this Lease or sublet the Premises, for the uses and purposes permitted under this Lease, as follows:

(i) Tenant obtains the prior consent of Landlord, which consent shall be at the sole discretion of Landlord;

(ii) Notwithstanding Section 11(a)(i) above, Tenant may assign this Lease, without the written consent of Landlord, to: (A) 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, (B) any subsidiary or affiliated entity of Tenant, so long as such entity remains a subsidiary or affiliate of Tenant;

(iii) 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.

(b) For avoidance of doubt, Landlord shall have the right assign this Lease in its sole discretion.

REIMBURSEMENT OF EXPENSES

In case suit shall be brought for recovery of possession of the Premises, for the recovery of rent or any other amount due under the provisions of this Lease, or because of the breach of Tenant of any other covenant, term or provision herein contained, Landlord shall receive all expenses incurred in connection therewith, including reasonable attorneys' fees and costs.

WAIVERS AND INTEGRATION CLAUSE

(a) The waiver of either party of any breach, of any term, covenant, or condition herein contained, shall not be deemed to be a waiver of such term, covenant, or condition, or any subsequent breach of the same, or any other term, covenant, or condition therein contained. The subsequent acceptance by Landlord of payment by Tenant for rent hereunder shall not be deemed to be a waiver of any preceding breach by the other party or any term, covenant, or condition of this Lease, other than the failure of

Tenant to pay the particular rental so accepted regardless of Landlord's knowledge of such preceding breach at the time of the acceptance of such rent.

(b) No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent 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 remedy as provided in this Lease.

(c) This Lease contains the entire agreement between the parties, and any executory agreement hereafter made shall be ineffective to change, modify, discharge, or effect an abandonment of it, in whole or in part, unless such executory agreement is in writing and signed by the parties against whom enforcement of the change, modification, discharge or abandonment is sought.

14

HOLD-OVER AND SURRENDER

Any holding over after the expiration of the term of this Lease, with the consent of Landlord, shall be construed to be a tenancy from month to month at a monthly rental equal to 150% of the rent herein specified and shall otherwise be on the terms and conditions herein specified, so far as applicable.

15

DEFAULT

Each of the following events shall constitute a default or breach of this Lease by Tenant:

(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.

16

EFFECT OF DEFAULT OR BREACH

In the event of any default hereunder, as set forth in Paragraph 15, Landlord may terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and Landlord shall be entitled to the following as damages: (i) any unpaid rent; plus (ii) the amount necessary to compensate Landlord for its actual, reasonable damages caused by Tenant's failure to perform its obligations under this Lease.

17

REMOVAL OF LIENS BY TENANT-LANDLORD'S RIGHT ON DEFAULT TO CONTEST

(a) Landlord shall not be liable for any labor or materials furnished or to be furnished to Tenant upon credit, and no mechanics' or other lien for any such labor or material shall attach to or effect the reversion or other estate or interest of Landlord in and to the Premises. Whenever any mechanics' or materialmen's lien shall have been filed against the Premises, based upon any act or interest of Tenant or of anyone claiming through Tenant, Tenant shall immediately take such action by bonding, deposit or payment as will remove the lien.

(b) If Tenant has not removed the lien within thirty (30) days after notice to Tenant, Landlord may pay the amount of such lien or security agreement, or discharge the same by deposit, and the amount so paid or deposited, with interest thereon, shall be deemed additional rent reserved under this Lease.

(c) The above language notwithstanding, Tenant shall have the right to contest the validity of any lien or claim if Tenant shall first have posted a bond to insure that upon final determination of the validity of such lien or claim, Tenant shall immediately pay any judgment rendered against it, with all proper costs and charges, and shall have such lien released without cost to Landlord.

Intentionally deleted.

NOTICES AND TIME

All notices, demands, requests, consents, approvals or other communications (the "Notices") required or permitted to be given hereunder shall be in writing and shall be either (i) personally delivered, (ii) sent by Federal Express or other regularly scheduled overnight courier, or (iii) sent by United States mail, registered or certified with return receipt requested, properly addressed and with the full postage prepaid. Said Notices shall be deemed received and effective on the earlier of: (i) in the case of personal delivery, when delivered in fact against a written receipt of delivery, (ii) in the case of Federal Express or other regularly scheduled overnight courier, the next business day after deposit with such overnight courier, or (iii) three (3) business days after being placed in the United States mail as aforesaid. Notice on behalf of either Landlord or Tenant may be given by their respective counsel. Notices shall be sent to the parties at the following addresses, unless otherwise notified in writing:

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

The addresses of either party may be changed, from time to time, by either party serving notice as provided above.

SUCCESSORS AND ASSIGNS

All covenants, agreements, stipulations, provisions, conditions and obligations herein expressed and set forth shall extend to, bind and inure to the benefit of, as the case may require, the heirs, executors, administrators, successors and assigns of Landlord and Tenant, respectively, or their successors in interest, as fully as if such words were written wherever reference to Landlord and Tenant occurs in this Lease Agreement.

FORCE MAJEURE CLAUSE

In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such acts shall be excused for the period of the delay and the period equivalent to the period of such delay. It is understood, however, that this provision shall not operate to excuse Tenant from the prompt payment of rental or any other payments required by the terms of this Lease.

WAIVER OF SUBROGATION

The parties release each other, and their respective authorized representatives, to the extent of the releasing parties insurance coverage, from any and all liability for any loss or damage to any person or to the Premises and to the fixtures, personal property, Tenant's improvements, and alterations of either Landlord or Tenant in or on the Premises that are caused by or result from risks insured against under any insurance policies carried by the parties and in force at the time of any such damage.

Each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. Neither party shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by this Lease.

MISCELLANEOUS

The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one Tenant and to either corporation, associations, partnerships, or individuals, males or females, shall in all instances be assumed as though in each case fully expressed. The laws of the State of North Carolina shall govern the validity, performance, and enforcement of this Lease. The captions of the several paragraphs contained herein are for convenience only and do not define, limit, describe, or construe the contents of such paragraphs. A determination by a court of competent jurisdiction that any provision of this Lease is unenforceable shall not invalidate the remainder of this Lease. The obligations of Landlord herein are intended to be binding only upon the entity acting as Landlord and shall not be personally binding on any of its members, managers, officers, employees or agents. The liability of Landlord to Tenant under the terms of this Lease shall be limited to the equity of Landlord in the Premises and Tenant agrees to look solely to Landlord's equity in the Premises for recovery of any judgment against Landlord. The individuals executing this Lease on behalf of Landlord and Tenant represent and warrant that they are duly authorized to execute and deliver this Lease on behalf of Landlord or Tenant, as applicable. Both parties represent that no broker is involved in this Lease and each party indemnifies the other from and against claims for brokerage fees, commissions or other charges arising out of the indemnifying party's actions.

TERMINATION

It is understood and agreed that Tenant intends to sublease the entire Premises to Monarch, a North Carolina non-profit corporation, for the entire term hereof (the "Monarch Sublease"). Notwithstanding anything herein to the contrary, Landlord hereby consents to the Monarch Sublease, attached hereto as **Exhibit B** and incorporated by reference, and agrees that, in the event of any termination of the Monarch Sublease, either Tenant or Landlord shall have the immediate right to terminate this Lease upon written notice to the other party and such termination of this Lease shall be effective as of the date of termination of the Monarch Sublease.

[REMAINDER OF THIS PAGE BLANK. SIGNATURE PAGE FOLLOWS.]

IN TESTIMONY WHEREOF, Landlord and Tenant have caused this Lease to be executed as of the day and year first above written.

WITNESS/ATTEST:

LANDLORD: FORSYTH COUNTY

By: _____
Name: _____
Title: _____

WITNESS/ATTEST:

TENANT: CENTERPOINT HUMAN SERVICES

Gracie Woody

By: *Betty P Taylor*
Name: *Betty P. Taylor*
Title: *CEO*
8.10.15

EXHIBIT A

Premises

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

TRACT TWO: BEGINNING at a point in the new southern margin of 7th Street, which point is the intersection of the new southern margin of 7th Street and the western boundary line of N. C. Project R-18 and which point is further identifiable as N858252.037, E1635274.189, coordinates derived by field survey from N. C. State Plane Coordinate Monuments, and running from the said beginning point, along the new southern margin of 7th Street, S 88 deg. 01 min. 15 sec. East 270.98 feet to a point; thence, along a clockwise arc, radius 15 min., 23.58 feet to a point in the western margin of Highland Avenue, this point being N858227.149, E1635559.484, coordinates derived by field survey from N. C. State Plane Coordinate Monuments; thence, along the western margin of Highland Avenue, South 02 deg. 03 min. 24 sec. West 492.84 feet to a point; thence, along a clockwise arc, radius 15 min., 23.48 feet to a point in the new northern margin of 5th Street, this point being N857720.165, E1635526.347 coordinates derived by field survey from N. C. State Plane Coordinate Monuments; thence, along the new northern margin of 5th Street, North 88 deg. 15 min. 32 sec. West 279.56 feet to the point of intersection of the new northern margin of 5th Street and the western boundary line of N. C. Project R-18; thence, with the western boundary

line of N. C. Project R-18, N 02 deg. 59 min. 00 sec. East 524.09 feet to the BEGINNING, containing 151,813 square feet and being Parcel 185, East Winston Urban Renewal Project No. 2 (N. C. R-18), according to a map of the said parcels revised 13th March, 1968, by William C. Anderson, Principal Engineer, Smith, Pollite & Associates.

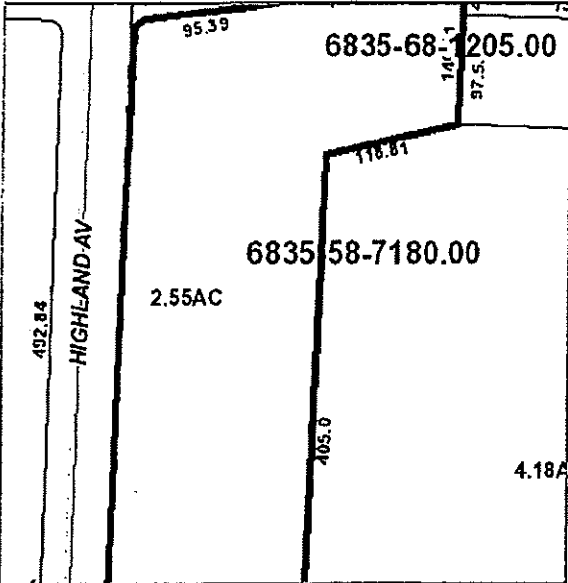
This is the same property described in that deed recorded in Deed Book 1007, at page 480, Forsyth County, North Carolina, Register of Deeds Office.



Forsyth County, NC [Convert to PDF](#) 8/10/2015

Parcel ID	Property Address	January 1 Property Owner
6835-58-7180.00	651 Highland Ave	Forsyth County

Summary Appraisal Report - Commercial Bldgs: 1



Current Owners	
Owner 1	Forsyth County
Owner 2	
Mailing Address	201 Chestnut ST N
City, State Zip	Winston-Salem NC 27101-4120



Mobile Maps and Information



Disclaimer: The values and information provided on this property record card are based upon the best available information on 01/01/2013. This information is subject to change because of changes to the property, correction of existing information, additional information, or as the result of an appeal of the property.

Parcel Information	
Block/Lot	Neighborhood
9998 184	91

Assessed Values All Cards			
Total Land Value	Total Buildings Value	Total Misc Imp Value	Total Assessed Value
\$413,877	\$647,552	\$1,000	\$1,062,400

Road/Topography/Utilities		
Roads	Topography	Utilities
Curb & Gutter, RoadPubPaved, RoadSideWalk	Desirable	City Water, Gas, Sewer

Land Valuation													
Type	Zoning	Acres	SqFt	Rate	Ut	Size	LC	RF	TO	SH	AC	EZ	Value
CL	GO	0	111,078	4.05	1	0.92	1	1	1	1	1	1	\$413,877
Total SqFt		Total Acres		Total Value									
111,078		0		\$413,877									

Building Detail
 Forsyth County considers all standard approaches to value. The assessed value on this building was determined based upon the **Income and Expense Approach**.

Commercial Summary Information					
Company Name	Primary Address	Occupancy	Total Gross SqFt	Net Lease SqFt	Units
CENTER POINT	651 Highland AVE	OFFIC	12,891	12,891	0

Commercial Buildings Summary

Bldg	Building Name	Physical Addr	Story	Year Built	Construction	Occupancy	Value
1		651 Highland AVE	1	0	1 BR	1501-Office	\$647,552

Total Buildings Value	\$647,552
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Miscellaneous Improvements

Type	Construction	Height	Area	Year Built	Value
Shelter 1		0	480	0	\$1,000

Total Miscellaneous Value	\$1,000
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Taxing Jurisdictions

Jurisdiction	Fire District
Winston-Salem 100%	FD

Income Detail

Income information on this report reflects market research and not specific data from the property.

Cost Detail

Detail Appraisal Report - Commercial Bldg: 1 of 1

Total Value from Cost

Total Section Value	Total Addition Value	Local Multiplier	Replacement Cost	Physical Depr	Econ/Func Depr
\$1,434,095	\$3,474	0.9	\$1,293,812	23% \$297,576.76	35% (\$104,152.00)

Depreciated Value	Misc Imp. Value	Total Bldg Value	Land Value	Total All Bldgs
\$647,552	\$1,000	\$648,552	\$413,877	\$1,062,400

Building Information

Company Name	Building	Physical Address	Occupancy	Year Built	Year Remod	Condition
CENTER POINT		651 Highland AVE	1501-Office	0	0	Good

Foundation	Construction	Total Story	Roof	Roof Cover	Ext Walls	Insul Walls	Insul Ceiling
	1 BR	1	Flat/Flat	Built-Up/Metal		Y	Y

Section Details

Occupancy	Sqft/Units	Base Cost	Heat/AC 1	Heat/AC 2	Heat Adj	Adj Base	# Stories	Story Hgt	Perimeter	Cost	Sqft Cost
1550-Off Bsmt	702	\$28.73	No Heat 100%	0%	\$0	1 1	8 0.9	186 1.533	1.07	\$42.41	\$29,772
1501-Office	8,878	\$84.08	0%	Package Air 100%	\$9.20	1 1	13 1.023	381 0.956	1.07	\$97.57	\$866,226
1501-Office	2,999	\$84.08	0%	Package Air 100%	\$9.20	1 1	21 1.207	311 1.114	1.07	\$134.23	\$402,556
1501-Office	1,014	\$84.08	0%	Package Air 100%	\$9.20	1 1	16 1.092	149 1.226	1.07	\$133.67	\$135,541

Non-Sketched Additions				
Type	Description	Area	Rate	Value
PORCH3	Open Porches	40	\$33	\$1,320
PATIO5	Patio	224	\$6	\$1,344
PATIO8	Patio	60	\$13.50	\$810

Miscellaneous Improvements for this Bldg									
Type	Const	Area	Rate	YearBuilt	Condition	Grade	Phy	EF	Value
Shelter		480	\$5.25	0			10%	10%	\$1,000

Taxing Jurisdictions	
Jurisdiction	Fire District
Winston-Salem 100%	FD

EXHIBIT B

Monarch Sublease – See attached

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("*Sublease*") is made and entered into as of ___ day of _____, 2015 by and between CENTERPOINT HUMAN SERVICES, a state-mandated Local Management Entity and Medicaid-funded Managed Care Organization (LME/MCO) ("*Sublessor*"), and MONARCH, a North Carolina non-profit corporation ("*Sublessee*").

WITNESSETH:

WHEREAS, Sublessor and Forsyth County, a political subdivision of the State of North Carolina ("*Prime Lessor*") are parties to that certain Lease Agreement, dated _____, 2015 (the "*Prime Lease*"), a copy of which is attached hereto and incorporated herein as Exhibit A, pursuant to which Sublessor leases the building located at 651 North Highland Avenue, Winston-Salem, North Carolina (the "*Premises*"); and

WHEREAS, Sublessor desires to sublease the entire Premises ("*Subleased Premises*") to Sublessee, subject to the terms and conditions set forth in this Sublease.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, Sublessor and Sublessee agree as follows:

1. *Recitals; Capitalized Terms.* The recitals set forth above are integral parts of this Sublease and shall be deemed to be a part hereof. Unless otherwise defined herein, capitalized terms which are used in this Sublease shall have the same meanings ascribed thereto in the Prime Lease.

2. *Subleased Premises.* Sublessor hereby subleases to Sublessee and Sublessee hereby accepts from Sublessor the Subleased Premises, subject to the terms, covenants, conditions and restrictions of the Prime Lease and this Sublease.

3. *Term.* The term ("*Term*") of this Sublease shall be for three (3) years and shall commence on August 17, 2015 ("*Commencement Date*") and shall expire at midnight on August 16, 2018.

4. *Use.* The Subleased Premises shall be used and occupied by Sublessee solely for the purposes set forth in Section 5 of the Prime Lease in compliance with this Sublease, the Prime Lease, and all applicable laws, and for no other purpose.

5. *Rent.* Payment of Rent (hereinafter defined) under this Sublease shall commence on the Commencement Date and shall be payable to Sublessor at its office set forth below in Section 15 or as otherwise directed by Sublessor from time to time by written notice to Sublessee. Sublessee hereby covenants and agrees to pay to Sublessor base rent at the annual rate of \$1.00 ("*Base Rent*") in advance on the first day of each calendar year of the Term, without notice, demand, deduction or set-off whatsoever. The term "*Rent*" shall refer to Base Rent and any other amounts owing by Sublessee to Sublessor under the provisions of this Sublease.

6. *Prime Lease.*

(a) *Sublease Subordinate to Prime Lease.* This Sublease is subject to and subordinate to the Prime Lease and to all other matters and interests to which the Prime Lease is or shall be subordinate. Sublessee represents and warrants that it has read and is familiar with the terms of the Prime Lease and acknowledges and agrees that no provisions of this Sublease shall be deemed to grant Sublessee any rights greater than those accorded to Sublessor as tenant under the Prime Lease, except as otherwise expressly provided herein.

(b) Description of Parties' Obligations. In furtherance of the provisions of this Section 6, the parties hereby confirm to one another that it is not practical in this Sublease to enumerate and to allocate specifically all of the rights and obligations of the parties under the Prime Lease. Accordingly, in order to afford Sublessee the benefits of this Sublease and those provisions of the Prime Lease which, by their nature, are intended to benefit the party in possession of the Subleased Premises, and in order to protect Sublessor against a default by Sublessee which might, in turn, cause a default by Sublessor under the Prime Lease, the parties hereby agree to the general allocation of rights, duties, obligations and responsibilities set forth in this Section 6. In the event of any conflict between this Sublease and the Prime Lease, the terms and conditions of this Sublease shall control *vis a vis* Sublessor and Sublessee.

(c) Sublessor's Obligations. Provided that Sublessee shall timely pay all Rent when and as due under this Sublease, Sublessor shall pay, when and as due, all rent payable by Sublessor to Prime Lessor under the Prime Lease. Further, except as otherwise expressly provided herein and so long as Sublessee is not in default hereunder, Sublessor (1) shall not, by its act or omission to act, cause a default under the Prime Lease, (2) shall not, without the prior written approval of Sublessee, which approval shall not be unreasonably withheld, conditioned or delayed, amend, revise, terminate or waive any provision of, or otherwise materially adversely affect Sublessee's interests, rights or remedies under the Prime Lease during the Term hereof, and (3) shall perform its covenants and obligations under the Prime Lease which do not require for their performance possession of the Subleased Premises and which are not otherwise to be performed hereunder by Sublessee on behalf of Sublessor.

(d) Sublessee's Obligations. Sublessee hereby agrees that it will not, by its act or omission to act, cause a default under the Prime Lease. Further, notwithstanding any provision in this Sublease or the Prime Lease to the contrary, Sublessee shall have no right, power or authority, without the prior written approval of Sublessor, which approval shall not be unreasonably withheld, conditioned or delayed, to amend, revise, terminate or waive any provision of, or otherwise materially adversely affect Sublessor's interests, rights or remedies under, the Prime Lease. Except as otherwise expressly provided herein, (1) Sublessee shall perform all affirmative covenants and shall refrain from performing any act which is prohibited by the negative covenants of the Prime Lease where the obligation to perform or refrain from performing is by its nature imposed upon the party in possession of the Subleased Premises (*e.g.*, payment of utilities and maintenance/repair of the Subleased Premises), (2) if possible, Sublessee shall perform affirmative covenants which are also covenants of Sublessor under the Prime Lease prior to the date when Sublessor's performance is required under the Prime Lease, and (3) if Sublessee fails to fulfill its obligations under this Section 6(d), Sublessor shall have the right to enter the Subleased Premises to cure any such failure or default by Sublessee.

For avoidance of doubt, Sublessee shall be responsible for all utilities supplied to the Subleased Premises as described in Section 3 of the Prime Lease, and for all maintenance obligations for the Subleased Premises as described in Section 7 of the Prime Lease.

(e) Rights to Prime Lessor's Obligations. Sublessor hereby grants Sublessee the right to receive all of the services and benefits with respect to the Subleased Premises which are to be provided by Prime Lessor under the Prime Lease. Notwithstanding the foregoing, Sublessee hereby acknowledges and agrees that: (1) no representation or warranty made by Prime Lessor in the Prime Lease (if any) shall be deemed to be a representation or warranty made by Sublessor to Sublessee hereunder; (2) Sublessor shall have no duty to perform any obligations of Prime Lessor under the Prime Lease and Sublessee shall (to the extent possible) look solely to Prime Lessor for the performance thereof, including, without limitation, the provision of services, maintenance, repairs, compliance with legal requirements and the removal of hazardous materials; and (3) Sublessor shall have no responsibility for or be liable to Sublessee for any default, failure or delay on the part of Prime Lessor in the performance or observance by Prime Lessor of any of its obligations under the Prime Lease, nor shall such default by Prime Lessor affect this Sublease or waive or defer the performance of any of Sublessee's obligations hereunder except to the extent that such default by Prime Lessor excuses performance by Sublessor under the Prime Lease.

(f) No Assignment, Subletting or Other Transfer by Sublessee. Notwithstanding any provision in this Sublease or the Prime Lease to the contrary, Sublessee shall have no right, power or authority to sell, assign, mortgage, hypothecate, encumber, transfer or convey any interest of Prime Lessor or Sublessor in the Prime Lease, to assign Sublessee's interest in this Sublease, or to sublet the Subleased Premises, in whole or in part, by operation of law or otherwise without the prior written consent of Sublessor and Prime Lessor, which shall not be unreasonably withheld, conditioned or delayed. Further, Sublessee shall not permit the Subleased Premises or the building in which the Subleased Premises is located to become subject to any mechanics', laborers' or materialmen's liens on account of labor or material furnished or claimed to have been furnished to Sublessee or work performed or claimed to have been performed on the Subleased Premises. Sublessor may, however, assign its interest under the Prime Lease as permitted by the terms and conditions thereof, and upon such assignment, Sublessor shall be released from all of its covenants and obligations hereunder. In the event that Sublessee assigns or sublets all or a portion of the Subleased Premises in accordance with the terms of this Sublease, any rental or any fee or charge received by Sublessee in connection with any such assignment or sublease (calculated on a per square foot basis) in excess of the Base Rent per square foot paid by Sublessee hereunder shall be paid immediately to Sublessor as additional rental under this Sublease.

(g) Shortened Time Limits. Time is of the essence with respect to the terms of this Sublease. Except as otherwise expressly set forth herein or in the event of an emergency, the time limits contained in the Prime Lease for the giving of notices, making payments or demands or performing of any act, condition or covenant by Sublessor as the tenant or lessee thereunder, are hereby changed for the purposes of this Sublease by shortening the same in each instance by five (5) calendar days so that Sublessee shall have a lesser time to observe or perform hereunder than Sublessor has under the Prime Lease.

(h) Rights Afforded to Sublessor. Sublessor shall be entitled to the same access to the Subleased Premises as Prime Lessor has to the Premises pursuant to the Prime Lease and to all other rights and remedies which Prime Lessor has under the Prime Lease with respect to Sublessor. Sublessee shall not change the locks to the Subleased Premises unless it provides Sublessor with two (2) sets of copies thereof. Further, wherever the Prime Lease requires the consent of Prime Lessor, the consent of Sublessor shall also be required. If Sublessee fails to remit any payments when due, Sublessee shall further become obligated to remit to Sublessor any and all late charges, interest and other such fees as set forth in the Prime Lease.

7. Prime Lease's Requirements to Sublease. This Sublease and the obligations of the parties hereunder are expressly conditioned on the parties' compliance with the Prime Lease with respect to the subleasing of the Subleased Premises.

8. Defaults and Remedies.

(a) Sublessee and Sublessor Defaults. Sublessee shall be in default of this Sublease if: (1) Sublessee fails to timely pay when due any amounts required to be paid by Sublessee hereunder and such default continues for ten (10) business days following written notice thereof by Sublessor; (2) Sublessee fails to perform or comply with any other covenant of this Sublease or the Prime Lease required to be performed by Sublessee or with which Sublessee must comply and such default shall continue for fifteen (15) days following written notice thereof by Sublessor; or (3) Sublessee is declared insolvent by law, an assignment of Sublessee's property is made for the benefit of creditors, a receiver is appointed for Sublessee or Sublessee's property, or an involuntary petition is filed against Sublessee in bankruptcy which is not dismissed within thirty (30) days of filing. Sublessor shall be in default of this Sublease if Sublessor fails to perform or comply with any covenant of this Sublease or the Prime Lease required to be performed by Sublessor or with which Sublessor must comply and such default shall continue for thirty (30) days following written notice thereof by Sublessee.

(b) Prime Lessor Claims. If Prime Lessor shall claim or otherwise allege in writing that a use of, action or inaction involving, or other circumstances concerning, the Subleased Premises is in violation of any provision of the Prime Lease or may become a default under the Prime Lease, then Sublessee shall, promptly after notice from Sublessor or Prime Lessor, cease such use or action, or take such action or cause such circumstances to be changed so that the basis or alleged basis for such claim or allegation shall no longer exist. The provisions of this Section 8(b) shall be in addition to Sublessor's other rights and remedies hereunder, under the Prime Lease, and at law or in equity.

(c) Sublessor and Sublessee Remedies. Upon the occurrence of an uncured default by Sublessee under this Sublease, and in addition to all of the rights and remedies available to Sublessor at law or in equity: (1) Sublessor shall have those rights and remedies with respect to such default by Sublessee as Prime Lessor has with respect to a breach of the Prime Lease; (2) Sublessor shall have the right to terminate this Sublease and to re-enter and repossess the Subleased Premises without prejudice to any remedies for damages, including, without limitation, for accrued unpaid Rent; and (3) Sublessor may terminate Sublessee's right to possession of the Subleased Premises without terminating this Sublease or releasing Sublessee from any of its obligations hereunder, including, without limitation, the obligation to pay Rent, whereupon the right of Sublessee to possession of the Subleased Premises shall cease. In the event Sublessor terminates Sublessee's right to possession pursuant to subsection (3), Sublessor shall have the right to relet the Subleased Premises, and, at Sublessee's cost and expense, change the locks and/or other entry devices of the Subleased Premises, make commercially reasonable repairs, alterations and additions in or to the Subleased Premises, and redecorate the same to the extent deemed necessary by Sublessor to place the Subleased Premises in a condition comparable to the condition of the Subleased Premises as of the date Sublessee took possession of the Subleased Premises, normal wear and tear excepted. Sublessee shall pay such cost and expense on demand. The rights and remedies afforded to Sublessor pursuant to this Sublease, the Prime Lease, at law or in equity, are cumulative and not exclusive. Further, the failure of Sublessor to insist upon the strict performance of any provision of this Sublease or the Prime Lease, or to exercise any right or remedy hereunder or available at law or in equity, shall under no circumstances be construed as a waiver or relinquishment of any provision, right or remedy. With respect to any uncured default by Sublessor hereunder, Sublessee shall have all rights and remedies available to Sublessee in law or equity, including, without limitation, the right to terminate this Sublease and quit the premises.

9. As Is; Alterations.

(a) Condition of Subleased Premises. Sublessee agrees to accept the Subleased Premises in their "AS IS" condition at the time possession thereof is delivered to Sublessee. Sublessor shall have no obligation to perform any alterations, work or repairs (including, without limitation, any electrical work or other work necessary to make the Subleased Premises comply with any applicable laws) or pay any sums to Sublessee in order to prepare the Subleased Premises for Sublessee's occupancy thereof. Sublessee acknowledges that no representations with respect to the condition of the Subleased Premises, or with respect to the condition of any fixtures, equipment, furnishings, installations, or systems therein contained or otherwise connected thereto, have been made to Sublessee by Sublessor or any other party.

(b) Alterations. If Sublessee desires to perform, or cause to be performed, any installations, additions, improvements, alterations or other work (each, an "Alteration" and collectively, the "Alterations") to all or any part of the Subleased Premises, it may only do so with the prior written approval of Sublessor and Prime Lessor, and such approvals shall not be unreasonably withheld, conditioned or delayed. If so approved, all Alterations shall be performed in full compliance with the applicable provisions of the Prime Lease and in full compliance with all applicable laws. Further, Sublessee shall indemnify and hold Sublessor harmless from and against liability, loss, cost, damage, liens and expenses imposed on Sublessor arising out of the performance of Alterations by Sublessee. Any Alterations shall be at the sole cost and expense of Sublessee and, except for Sublessee's moveable furniture and trade fixtures, shall become part of the Subleased Premises and belong to Sublessor. In connection with Sublessor's approval of any Alterations, Sublessor shall advise Sublessee in writing if

Sublessee is required to remove the Alterations at the end of the Term, to restore the Subleased Premises to the condition existing prior to the making of the Alterations, and to repair any damage occasioned by such removal or restoration, all at Sublessee's sole cost and expense.

10. Surrender. Upon the expiration or earlier termination of the Term, Sublessee shall vacate, surrender and deliver the Subleased Premises to Sublessor in the same condition as of the Commencement Date, provided that Sublessee repair any damage to the Subleased Premises as a result of the removal of its personal property and any Alterations removed pursuant to Section 9(b) of this Sublease. In the event Sublessee fails to comply with the foregoing removal obligations or upon Sublessee being dispossessed by process of law or otherwise, any such property shall be deemed conclusively to be abandoned and Sublessor may retain, sell, store, destroy or otherwise dispose of the same as Sublessor so elects in its sole reasonable discretion upon ten (10) days' prior written notice to Sublessee. Sublessee shall pay Sublessor on demand any reasonable out-of-pocket expenses incurred by Sublessor in the removal of such property, including, without limitation, the cost of repairing any damage to the Subleased Premises caused by the removal of such property and storage charges (if Sublessor elects to store such property). Further, in the event the end of the Term coincides with the end of the term under the Prime Lease, Sublessee shall provide Sublessor with reasonable access to the Subleased Premises to allow Sublessor to fulfill its obligations under the Prime Lease, including, without limitation, removing any Alterations existing in the Subleased Premises prior to the Commencement Date and Sublessee shall otherwise reasonably cooperate with Sublessor in connection with the foregoing. Sublessee's obligations under this Section 10 shall survive the expiration or earlier termination of this Sublease.

11. Holdover. If Sublessee remains in possession of the Subleased Premises after expiration or earlier termination of the Term, Sublessee shall be deemed to be occupying the Subleased Premises as a tenant at the sufferance of Sublessor, subject to all of the provisions of this Sublease, except that for each month or partial month in which Sublessee holds over following written notice thereof by Sublessor, Rent for such month or portion thereof shall be twice the amount of Rent in effect during the last month of the Term without apportionment for any partial month. Additionally, Sublessee agrees to indemnify Sublessor for any and all loss, damage, cost, expense and liability (including, without limitation, attorneys' fees, court costs and consequential damages) incurred by Sublessor in connection with Sublessee's holdover at the Subleased Premises. No provision in this Section 11 shall: (a) be deemed to be a consent by Sublessor to any holdover by Sublessee; (b) preclude or exclude Sublessor from exercising its right of re-entry; or (c) be deemed to be a waiver of any other rights or remedies which Sublessor may have available hereunder, under the Prime Lease, at law or in equity.

12. Damage by Fire or Other Casualty; Condemnation. This Sublease shall automatically terminate in the event of a termination of the Prime Lease by either Sublessor or Prime Lessor by reason of fire, casualty, condemnation or eminent domain affecting the Subleased Premises or the property on which the Subleased Premises is located. In the event that the Subleased Premises, the building which the Subleased Premises is located or any portion of any of the foregoing is damaged or destroyed on account of fire or other casualty or taken under the power of condemnation or eminent domain, Sublessee shall have no right to terminate this Sublease as to all or any part of the Subleased Premises, unless such destruction or taking involves more than 50% percent of the Subleased Premises. Sublessee shall receive an abatement of Rent corresponding to the abatement of rent (if any) that Sublessor receives under the Prime Lease.

13. Indemnity. Sublessee shall defend, indemnify and hold Sublessor harmless from and against any and all claims, losses, demands, actions, causes of action, obligations, liabilities, suits, costs and expenses (including attorneys' fees) resulting from (i) any failure by Sublessee to perform or observe any provision hereof or of the Prime Lease, which are applicable to the party in possession of the Subleased Premises, (ii) any misrepresentation by Sublessee herein, (iii) the use or occupancy of the Subleased Premises or any portions thereof by Sublessee or its agents, employees, contractors, licensees, or invitees or (iv) the negligence, or violation of law by Sublessee or its agents, employees, contractors, or licensees or invitees. Sublessee's obligations under this Section 13 shall survive the expiration or earlier

termination of this Sublease. Sublessor shall defend, indemnify and hold Sublessee harmless from and against any and all claims, losses, demands, actions, causes of action, obligations, liabilities, suits, costs and expenses (including attorneys' fees) resulting from (i) any failure by Sublessor to perform or observe any provision hereof or of the Prime Lease, which are not applicable to the party in possession of the Subleased Premises, (ii) any misrepresentation by Sublessor herein, (iii) the negligence, or violation of law by Sublessor or its agents, employees, contractors, or licensees or invitees. Sublessor's obligations under this Section 13 shall survive the expiration or earlier termination of this Sublease.

14. Insurance. Sublessee shall procure and maintain, at its own cost and expense, such liability insurance as is required to be carried by Sublessor under the Prime Lease, naming Sublessor, as well as Prime Lessor as additional insureds, in the manner required therein, and such property insurance as is required to be carried by Sublessor under the Prime Lease. If the Prime Lease requires Sublessor to insure Alterations, Sublessee shall insure such Alterations which are located in the Subleased Premises, as well as Alterations performed by Sublessee. Prior to the Commencement Date, Sublessee shall furnish to Sublessor certificates of Sublessee's insurance required hereunder. Provided such waiver shall not invalidate the waiving party's property insurance, each party hereby waives claims for property damage against the other and Sublessee hereby waives claims against Prime Lessor if and to the extent that Sublessor waives such claims against Prime Lessor under the Prime Lease for property damage to the Subleased Premises or its contents.

15. Notices. Unless otherwise expressly provided herein, any notice, request, communication, demand or other correspondence which either party may or must give to the other hereunder shall be in writing and delivered personally, by nationally recognized overnight commercial courier or by United States certified or registered mail, return receipt requested, postage prepaid, and addressed as follows:

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

If to Sublessee: Monarch
350 Pee Dee Avenue
Albemarle, NC 28001
Attention: Jim Kelley

If Sublessor or Sublessee receives any written notice or demand from Prime Lessor relating to the Subleased Premises or the Prime Lease, such party shall promptly give a copy thereof to the other party. Either party may, by written notice, direct that future notices or demands be sent to a different address. Notices shall be deemed given when received if delivered personally or by nationally recognized overnight commercial courier, or on the third (3rd) business day following the mailing thereof in the United States mail as above described.

16. Brokers. Sublessee represents and warrants to Sublessor that neither it, nor its officers, employees or agents, has acted so as to entitle any brokers, finders, consultants or other persons or entities to commissions in connection with this Sublease. Sublessor represents and warrants to Sublessee that neither it, nor its officers, employees or agents, has acted so as to entitle any brokers, finders, consultants or other persons or entities to commissions in connection with this Sublease. Sublessee and Sublessor shall each indemnify and hold the other harmless from any and all loss, damage, cost, expense and liability (including, without limitation, attorneys' fees) arising from a breach of its foregoing representation and warranty.

17. Representations and Warranties. Sublessor and Sublessee each hereby represent, warrant and covenant to one another that it has full power and authority to enter into this Sublease and to perform its obligations hereunder in accordance with its terms, that it is duly authorized to conduct business in the

state in which the Subleased Premises is located, that it has duly authorized, executed and delivered this Sublease, and that this Sublease constitutes a legal, valid and binding obligation.

18. Choice of Law; Severability. In the event the Prime Lease does not contain a choice of law provision, this Sublease shall be governed by and construed in accordance with the laws of the state in which the Subleased Premises is located without regard to rules for choice of law or conflicts of laws. Further, in the event that any of the provisions of this Sublease is held to be invalid or unenforceable, such provision shall be deemed to be severed from this Sublease and shall not impair or affect in any manner the validity, enforceability or binding effect of the remaining provisions of this Sublease.

19. Interpretation. Wherever required by the text and context, references to the singular shall include the plural, references to the masculine shall include the feminine and neuter gender, references to the conjunctive shall include the disjunctive, and vice versa. Captions and definitions used within this Sublease are for convenience and reference only and in no way define, limit, amplify or describe the scope or intent of this Sublease, nor do they affect or constitute part of this Sublease.

20. Merger; Amendments; Counterparts; Facsimile. All prior understandings and agreements between Sublessor and Sublessee with respect to this Sublease or the Subleased Premises are merged within this Sublease which alone fully and completely sets forth the understanding of the parties. This Sublease may not be modified in any manner other than by a written agreement signed by both parties. This Sublease may be executed in multiple counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one and the same instrument.

21. Access Control. All access control to the Subleased Premises shall be Sublessee's responsibility at Sublessee's sole cost and expense.

22. FIS Building. It is understood that (i) Sublessee will be moving from the building located at Highland Avenue, Winston-Salem, North Carolina commonly known as the FIS Building (the "FIS Building") to the Subleased Premises, and (ii) Sublessor has or will be entering into a ground lease with Forsyth County for the land on which the FIS Building is located (the "FIS Ground Lease"). If and to the extent that Sublessee remains in the FIS Building (or surrounding area) in any capacity for any period of time after the FIS Ground Lease has been fully executed, Sublessee shall defend, indemnify and hold Sublessor harmless from and against any and all claims, losses, demands, actions, causes of action, obligations, liabilities, suits, costs and expenses (including attorneys' fees) resulting from Sublessee's use or occupancy (in any capacity) of the FIS Building (or surrounding area) or any portions thereof by Sublessee or its agents, employees, contractors, licensees, or invitees from and after the full execution of the FIS Ground Lease.

23. Certification and Funding Contingencies. All of Sublessee's obligations under this Sublease are contingent upon Sublessee securing all necessary certifications and licenses (both private and governmental) that may be required in order to use the Subleased Premises for Sublessee's intended purpose. Furthermore, if federal, state, or local government funds or private funds allocated to Sublessee are terminated or eliminated in any manner beyond the control of the Sublessee to such an extent that Sublessee determines in its discretion that its facility is unable to continue in operation, then Sublessee shall be entitled to terminate this Sublease upon thirty (30) days' notice to Sublessor. In addition, if federal, state, or local government funds or private funds allocated to Sublessee are reduced in any manner beyond the control of the Sublessee to such an extent that Sublessee determines in its discretion that it substantially impairs Sublessee's ability to continue its obligations under this Sublease, Sublessee may terminate this Sublease upon ninety (90) days' notice to Sublessor.

[Signature page follows.]

IN WITNESS WHEREOF, Sublessor and Sublessee have each caused this Sublease to be duly executed by its respective duly authorized representative effective as of the date first above written.

SUBLESSOR:

CENTERPOINT HUMAN SERVICES,
a state-mandated Local Management Entity and
Medicaid-funded Managed Care Organization
(LME/MCO)

By: _____

Printed Name: _____

Its: _____

SUBLESSEE:

MONARCH,
a North Carolina non-profit corporation

By: _____

Printed Name: _____

Its: _____

Prime Lessor hereby joins in the execution of this Sublease for the purpose of evidencing its consent and agreement to the Sublease.

FORSYTH COUNTY,
a political subdivision of the State of
North Carolina

By: _____

Printed Name: _____

Its: _____

EXHIBIT A

See attached copy of Prime Lease