

STATE OF NORTH CAROLINA

LEASE AGREEMENT

COUNTY OF GUILFORD

THIS LEASE AGREEMENT (herein the "Lease" or the "Agreement") made and entered into as of June 18, 2017 ("Effective Date") by and between the City of Greensboro, a political subdivision of the State of North Carolina, whose business mailing address is 300 West Washington Street, Greensboro, North Carolina 27402, herein referred to as "Lessor"; and **the Natural Science Center Of Greensboro INC. (NSC)** a North Carolina corporation organized and existing under the laws of North Carolina, whose business mailing address is 4301 Lawndale Drive, GSO, NC 27455, and is a non-profit corporation organized and existing under the laws of North Carolina, herein referred to as "Lessee."

STATEMENT OF PURPOSE AND RECITALS: Public – Private Partnership

A. Lessor is the fee simple owner of one or more tracts or parcels of land located in Guilford County, North Carolina bordering on Lawndale Drive to the East, Orman Drive to the North, Greensboro Country Park to the West and South, and 4125 Lawndale Drive to the South, consisting of approximately 28.133 acres which land (the "Land") is outlined in City of Greensboro G-1174 drawing which is attached hereto as Exhibit A.

B. Lessor has constructed on the Land thereon the following facilities (herein referred to collectively as the Science Center):

C. Lessor desires and intends to provide for the continued operation of the Premises as public recreational and park facilities in a manner as will serve the needs of the public and provide for its citizens a learning and recreational environment with a customer service level commensurate with other Museum/Zoo facilities, where all services provided shall compare favorably to the services, standards, and practices of similar Museum/Zoo's in the southeastern United States, and where the facilities are operated in accordance with the highest standards, including the management of the operations. In entering into this Agreement, Lessor expects to obtain and to provide for such operation of the Premises. Lessor entered into the public-private partnership with NSC for the purposes of: in excess of one million dollars in budgetary savings per year, private sector support and enhancement of city property, strategic enhancement of city infrastructure, operational expansion and corresponding economic impact, improve operational standards per AZA and AAM accreditations.

D. Lessee desires to lease the Premises and to operate the Science Center in the manner contemplated by this Agreement which includes but is not limited to: AZA and AAM accreditation standards, USDA license certification, approved bylaws and code of ethics of NSC

WITNESSETH:

In consideration of the rents hereinafter agreed to be paid and in consideration of the mutual covenants and agreements herein contained, and to be performed by the respective parties hereto, Lessor does hereby lease and demise unto Lessee, its successors and assigns as hereinafter limited, and Lessee does hereby lease and take as tenant from Lessor the Premises, together with all rights, privileges and easements pertaining thereto.

TO HAVE AND TO HOLD the Premises unto the Lessee upon the following terms and conditions:

1. Lease Term.

The term of this Lease shall be for a period of one (1) year commencing on June 18, 2017 (the "Commencement Date") and expiring on June 18, 2018. Upon expiration of term Lessee and Lessor will be permitted to renew the lease for two consecutive one (1) year renewals.

In the event the Lessee is permitted to hold over beyond the Lease Term herein provided with the consent, express or implied, of Lessor, such holding over shall be from month to month only, subject to the conditions of this Agreement, shall not be a renewal thereof, and shall be at

the compensation provided herein.

2. Rentals.

A. Annual Rent. Lessee shall pay Lessor \$1 annually and pay for all utilities associated with the operation of the facility to include: Gas, Electric, Phone, Water and Sewer. In addition to Annual Rent, Lessee shall reinvest all "Annual Operating Surplus," as defined in 2B below, into operational growth or improvements to the Science Center.

B. Definition of Annual Operating (Surplus). For the purposes of determining each year's Annual Operating Surplus, this shall mean for each calendar year the excess of "Gross Receipts" for the year over the "Operating Expenses" for the year. "Gross Receipts" shall mean all money received by the Lessee from the operation of the Science Center including all moneys received from admission and from the sales of goods and services on the Premises, but Gross Receipts shall not include any of the following:

- (1) Cash refunds or credits allowed on returns by customers;
- (2) Sales taxes, excise taxes, gross receipts taxes and other similar taxes now or later imposed upon the sale of merchandise or services and paid by the Lessee to the appropriate taxing authority, whether added to or included in the selling price;
- (3) Sales or trade-ins of machinery, vehicles, trade fixtures or personal property used in connection with the Lessee's operation of the Premises;
- (4) The value of any merchandise, supplies or equipment exchanged or transferred from or to other locations of business of the Lessee where such exchange or transfer is not made for the purpose of avoiding a sale which would otherwise be made from or at the Premises;
- (5) Receipts in the form of refunds from or the value of future credit of merchandise, supplies or equipment returned to shippers, suppliers or manufacturers;
- (6) The amount of any cash or quantity discounts received from sellers, suppliers or manufacturers;
- (7) The amount of any gratuities paid or given by customers to or for employees of the Lessee or to or for the employees of any sublessee or manager engaged by Lessee;
- (8) Receipts from the sales of uniforms or clothing required to be worn by employees of Lessee or of any sublessee or manager engaged by Lessee; and
- (9) Amounts attributed to meals served or provided to employees of the Lessee or of any sublessee or manager engaged by Lessee.

"Operating Expenses" shall mean all costs and expenses incurred by Lessee in connection with the operation and maintenance of the Science Center , in generating the Gross Receipts and in fulfilling Lessee's obligations hereunder including by way of example rather than limitation all costs and expenses incurred in connection with the maintenance, repair and care of the Science Center (including; janitorial service, display and enclosure upkeep, landscaping, and contributed additional maintenance upkeep), all salaries, wages, and compensation paid to employees at the Science Center and payroll taxes and employee benefits; the costs and expenses of all insurance coverages maintained by Lessee in connection with the Science Center ; all expenses and charges for utilities used in the operation of the Science Center , including water and sewer charges and charges for electricity and natural gas; all taxes, franchise fees, and permit and license fees; all professional fees including legal fees, accounting and audit fees; all compensation and other amounts paid by Lessee to any management company engaged by the Lessee to operate the Science Center ; amounts paid for equipment, personal property, materials or supplies used or consumed in connection with the Science Center ; the costs of goods, merchandise and inventory sold in generating the Gross Receipts; the costs incurred in providing the services giving rise to the Gross Receipts; payments for advertising and promotion of the Science Center ; and lease payments and debt service payments for equipment, furniture, and fixtures. In addition, any unreimbursed Operating Expenses for prior years incurred by Lessee may be deducted from annual Gross Receipts

in determining Annual Operating Surplus for any calendar year during the term hereof.

C. Books and Records. Lessee shall maintain appropriate documents, books and accounting records relating to Gross Receipts and Operating Expenses associated with the operation of the Science Center. All such documents, books and accounting records shall be open for inspection and reinspection by Lessor during normal business hours upon 48 hours advance notice during the Lease Term and for three (3) years thereafter. In addition, during the same period, the Lessor may from time to time conduct an audit and re-audit of said books and records and observe the operation of the Science Center so that accuracy of the above records can be confirmed. All information obtained from or in connection with the Lessor's inspection of Lessee's records or the audit thereof shall be public record unless information is considered to meet criteria of "trade secret". The Lessor will exercise its best efforts to protect all such information, but only to the extent that the law permits. The Lessor assumes no responsibility for any loss or damage, which may result out of any breach of confidentiality.

D. Accountant's Certification. An audit of all operations documents including the management letter for the Lessee shall be performed each year by an independent CPA firm at the Lessee's expense and furnished to the Lessor. The Lessee shall also provide a memorandum highlighting all improvements to the Science Center and submit this annually along with the certified public accountant's written report referred to above. These statements shall be submitted to Lessor on or before April 1st of each calendar year.

3. Lessor's Contributions to Operations.

A. Lessor's Contribution. In order to help defray the costs and expenses incurred by Lessee in the operation of the Science Center during the Initial Term hereof, Lessor shall pay to Lessee the sum of \$1,085,000.00 annually, which shall be paid in quarterly installments in the following amounts, which shall be due on the 1st day of each February, May, August and November during the lease term and any extension of the lease thereof, with the first payment due 15 days after execution of this Lease. To the extent approved by Lessee, Lessor may, in lieu of paying the installment contributions in cash, provide the Lessor's contributions by providing in-kind contributions to the operation and maintenance of the Science Center which offset out-of-pocket expenses that would have otherwise been incurred by the Lessee in the operation and maintenance of the Science Center.

B. No Other Financial Obligation. Except for its obligation to provide the contributions provided for in Section 3(A) above, its repair, maintenance and replacement obligations set forth in Section 10(E)2, (Outlined in schedule A) and its obligation to pay taxes as set forth in Section 7 below, Lessor will not have any other financial responsibility to Lessee to contribute to the operation, maintenance, or care of the Science Center during the Lease Term.

4. Extent of Lease.

A. Property Included. This is a real estate lease demising all of the Land more particularly described in Exhibit A, and includes all buildings, fixtures, equipment, and other improvements currently in existence on the Premises. In addition, except as provided in Section 3(B) above for contributions to Lessee of certain items this Lease also rents to Lessee for the Term hereof all items of tangible personal property owned by Lessor and used by Lessor in connection with the operation and maintenance of the Science Center (collectively, the "Tangible Personal Property"). By way of illustration rather than limitation, the Tangible Personal Property shall include:

(1) all exhibits owned by Lessor and used in connection with the Science Center, other than such exhibits which are subject to an Equipment Lease; See Schedule A, and

(2) all furniture, furnishings, wall hangings, draperies, blinds and similar items used in connection with the Science Center.

B. Care, Disposal, Replacement and Surrender of the Tangible Personal Property. Lessee shall keep the Tangible Personal Property in a good condition and state of repair appropriate to its current condition and remaining useful life. Notwithstanding the foregoing, Lessee shall be entitled to discard (with or without replacement) any of the Tangible Personal Property which wears out, becomes obsolete, or which is, in Lessee's determination, no longer useful in the

operation of the Science Center . Upon the expiration or termination of this Lease, Lessee's sole duty and obligation with respect to the Tangible Personal Property demised to Lessee hereunder shall be to surrender to Lessor for Lessor's use for public purposes all original items of Tangible Personal Property then located at the Premises and used in the operation and maintenance of the Science Center as well as any additional items of Tangible Personal Property acquired by Lessee to replace or supplement the original Tangible Personal Property (but not including any items which have been leased by Lessee unless Lessor assumes the applicable lease).

C. Acceptance of Premises and Tangible Personal Property. Lessee has inspected the Premises and the Tangible Personal Property and accepts same in their present AS IS condition. Lessee acknowledges that Lessor has made no representations or warranties as to zoning or to the condition of the Premises or its fitness or availability for the use intended hereunder.

D. Use of Premises and Tangible Personal Property. Lessee shall use the Premises and the Tangible Personal Property only for the maintenance and operation of the Science Center, including any improvements Lessee may make to the facilities and for all uses reasonably ancillary to such use.

E. Lessor's Representations and Warranties. The Lessor represents and warrants to the Lessee that: (i) the Lessor is authorized to enter into this Lease with the Lessee; (ii) the execution, delivery, and performance of this Lease by the Lessor will not conflict with or violate any agreement to which the Lessor is bound, or any law, rule, regulation, or ordinance to which the Lessor is bound; (iii) this Lease is a valid and binding obligation and agreement of Lessor enforceable against Lessor in accordance with its terms; (iv) the Lessor owns fee simple title to the Science Center subject only to the easements and other exceptions listed on Exhibit B attached hereto; and (v) the Lessor owns title to the Tangible Personal Property free and clear of all liens, leases, and security interests.

F. Lessee Acknowledges. The Lessee acknowledges the existence of easements for roadways, sewer and waterlines and other utilities affecting the Premises as are listed on Exhibit B attached hereto. Lessor agrees that it will repair or cause to be repaired any damage to the Premises caused by the use of the easements for sewer and waterlines referred to herein.

G. Areas of the Natural Science Center Not Demised by This Lease. Lessor and Lessee acknowledge and agree that this Lease does not demise to Lessee and that Lessee shall have no responsibility for or obligations with respect to the following areas and facilities at the Natural Science Center: (i) the picnic shelter. Lessor agrees that during the Term of this Lease, Lessor shall continue to maintain and operate the Excluded Areas in a manner consistent with its present operation thereof and that it will not permit such Excluded Areas to be used in any manner or for any purpose which would materially adversely affect Lessee's maintenance and operation of the Science Center.

5. Managing Agent.

Notwithstanding any other provision of this Lease, Lessor agrees that Lessee may from time to time contract with a third party management company acceptable to Lessee to manage and operate the Science Center in the manner required by this Lease and to perform some or all of the duties of Lessee hereunder (herein referred to as the "Manager"). Lessee shall be entitled to assign to any Manager engaged by Lessee such duties and responsibilities in connection with the maintenance and operation of the Science Center as Lessee in its discretion deems appropriate provided such Manager shall have no greater rights with respect to the maintenance and operation of the Science Center than are granted to Lessee in this Lease and provided that the Manager shall be required by Lessee to adhere to the terms of this Lease with respect to the duties and responsibilities of the Lessee being performed by the Manager. Lessee shall be responsible for performance of the Manager and shall have the full right and authority to remove and replace the Manager and to monitor and direct the activities of the Manager. The compensation and fees paid by Lessee to any such Manager shall be considered an Operating Expense for the purpose of computing the Annual Operating Profit provided that such compensation and fees are not in excess of the market rate for the management services being provided by the Manager. If Lessee hires a Manager to manage and operate the Science Center, Lessee shall, nonetheless, remain liable for the performance of all its obligations, duties and responsibilities under this Lease.

6. Construction of Improvements/Capital Improvement Program.

A. Improvements Required to be Made by Lessee. During the Lease Term, Lessee shall make, at its own expense, all alterations of the Premises as may be required by any lawful authority, agency or governmental unit having jurisdiction over the Premises located upon the Land in order to cause the Premises to comply with any statute, law, regulation or ordinance applicable generally to the Science Center and comparable facilities; provided, however, Lessee shall not be required to make alterations to the Premises as may be necessary to correct any non-complying conditions or circumstances at the Premises existing on the Effective Date (which shall remain the responsibility of Lessor). Lessee shall save Lessor harmless from penalties, fines, costs, expenses or damages resulting from Lessee's failure to perform its obligations under this Section 6(A).

B. Capital Improvements Plans. Lessee shall annually, no later than April 1 of each year, prepare and submit to the Parks and Recreation Director a capital improvements plan listing the improvements, additions, enhancements and alterations to the Science Center the Lessee intends to make to the Science Center during the next twelve (12) months (each an "Annual Capital Improvements Plan"). Each Annual Capital Improvements Plan shall describe each proposed improvement project, the estimated costs thereof, and the projected time frame for commencement and completion of each project. Lessee shall not be obligated to make the improvements, additions, enhancements or alterations provided for in any Annual Capital Improvements Plan submitted hereunder. Lessee, however, may make any improvement, addition, enhancement or alteration to the Science Center as is provided for any Annual Capital Improvements Plan unless the City Manager notifies Lessee in writing no later than thirty (30) days after the submission of the Annual Capital Improvements Plan in which the proposed improvement, additional, enhancement or alteration is first proposed that the proposed improvement, addition, enhancement or alteration is disapproved. The City Manager shall not, however, unreasonably withhold approval of any proposed improvement, addition, enhancement, or alteration. The City Manager's failure to disapprove any improvement, addition, enhancement or alteration proposed in any Annual Capital Improvements Plan submitted by Lessee hereunder within thirty (30) days of the submission thereof shall constitute an approval thereof by the City Manager.

C. Permissive Alterations. Lessee may from time to time construct additional improvements upon the Premises and may alter, enhance, improve, and replace the existing Science Center or portions thereof provided: (i) that all such additions, alterations, enhancements, and replacements shall be consistent with the upscale first quality nature of the Science Center, and in keeping with the present quality and character thereof; and (ii) that each such addition, alteration, enhancement, or replacement shall have been approved by the City Manager or the City Manager's designee, which approval shall not be unreasonably withheld. Lessee shall comply with all laws, ordinances, and regulations applicable to any additions, alterations, enhancements, improvements or replacements made to the Premises or Science Center by Lessee during the Lease Term and shall obtain all permits, approvals and authorization required under any ordinance or regulation applicable thereto. Lessee shall indemnify, defend, and hold Lessor harmless from and against all costs and expenses incurred in constructing any addition, alteration, improvement, enhancement or replacement.

7. Taxes.

Except as set forth below, all taxes, general and special, imposed at any time during the Lease Term upon or against the Lessor's interest in the Premises or upon the Lessor's interest in the improvements now or hereafter constructed on the Premises, including without limitation ad valorem property taxes on the Lessor's interest in the Premises and any such improvements, shall be the responsibility of the Lessor. Lessee shall be responsible for franchise, income taxes and other similar taxes, if any, as may be levied upon or with respect to Lessee's interest under this Lease or upon Lessee's operation of the Premises. Lessor and Lessee anticipate that Lessee will file with the Guilford County Tax Assessor an application for the exemption or exclusion from ad valorem property taxation of the Lessee's leasehold interest created by this Lease and for any tangible personal property owned by Lessee and used in connection with the operation of the Premises as public facilities as provided herein. Lessor agrees to cooperate with Lessee in filing an application for property tax exemption or exclusion. If Lessee's leasehold interest in the Premises which is created hereby or Lessee's tangible personal property used in connection with the operation of the Premises as provided herein are subjected to ad valorem property taxation during the Term of this Lease, then: (i) Lessee shall pay all such ad valorem property taxes as may be due Guilford County upon Lessee's leasehold

interest in the Premises and upon its tangible personal property; and (ii) Lessor shall pay all such ad valorem property taxes as may be due the City of Greensboro upon the Lessee's leasehold interest in the Premises and upon Lessee's tangible personal property used in the operation of the Premises.

8. Insurance.

A. Indemnity and Insurance. The NSC will indemnify and save harmless the City, its employees, agents, and officers from and against any all losses, claims, suits, damages or expenses, including but not limited to reasonable attorneys' fees, arising out of or in any manner connected with NSC's occupancy, use or operation of the leased premises and vehicles, excepting, however, losses, damages, suits, claims or expenses caused by the negligence of the CITY, its officers, agents or employees.

The CITY shall approve all insurance carriers with whom the NSC does business. NSC shall procure and maintain in full force and effect during the term of this lease a policy of automobile bodily injury and property damage liability insurance covering owned, non-owned and hired vehicles for an amount not less than \$1,000,000 combined single limits; a policy of commercial general liability insurance for bodily injury and property damage for an amount not less than \$1,000,000 per occurrence with \$2,000,000.00 annual aggregate; and a policy of worker's compensation insurance, coverage A-statutory and coverage B-employee's liability, in an amount of not less than \$100,000. NSC shall file with the CITY's City Manager's Office certification of insurance evidencing that the required insurance policies are in effect. In the event any of the policies of insurance required herein are canceled or not renewed, NCS shall, prior to the effective date of such cancellation or non-renewal, procure other insurance in the amounts and in accordance with the conditions set forth herein. The procuring of the required policies of insurance shall not be construed to be a limitation of NCS's liability or as full performance on its part of the indemnification provisions of the agreement, the NSC's obligation being, notwithstanding such policies of insurance, the full and total amount of any damage, injury, expense or loss caused by or attributable to NCS's activities conducted under this agreement.

B. Property Insurance Coverage. CITY shall at its expense carry fire and extended coverage, vandalism, and malicious mischief insurance coverage upon the building improvements on the premises, including machinery, equipment and fixtures (excluding the NSC's exhibits), in the full replacement value and shall name the NSC as an additional insured for the NSC's interest, if any, in such improvements. NSC shall carry at its exhibits, in the full replacement value thereof and shall name the CITY as an additional insured for the CITY's interest, if any, in such contents and exhibits. The policy to be carried by NSC shall provide that the same shall not be canceled or materially altered until a 30-day written notice of cancellation, material change or non-renewal has been served upon CITY's City Manager. NSC and CITY shall provide to each other the necessary evidence of the above insurance coverage in the form of certificates of insurance (except to the extent the CITY is self-insured which will be the subject of notification to the NSC). Upon demand the NSC should provide a copy of certification of insurance to the CITY's Manager's Office.

C. Liability Insurance. Lessee shall, during the entire term hereof, keep in full force and effect, a policy of commercial general liability insurance with respect to the Premises and the business operated by Lessee and any subtenants of Lessee in the Premises in which the combined single limit of coverage shall be not less than \$2,000,000.00. **Such insurance shall name the City, its agents, officers, and employees as an additional insured.**

D. Waiver of Subrogation. Lessor and Lessee and all parties claiming by, through or under them hereby mutually release and discharge each other, and the officers, employees, agents, representatives, customers and business visitors of Lessor or Lessee from all claims, losses and liabilities arising from or caused by any injury to persons or property covered by third party insurance, even if caused by the fault or negligence of a released party, but only: (i) in the actual amount and to the extent that insurance proceeds are received by the agreed party from third party insurers, (ii) if this provision does not void or render invalid any insurance coverage or policy, (iii) if consent to this waiver of subrogation by a third party insurer is given after a request has been made therefore (if required under the terms of such policy in order not to void same) and/or an endorsement to the policy is obtained (if an endorsement can be obtained at no additional cost), and (iv) applying, in the case of Lessee, to any amounts in excess of the amount for which Lessee may self-insure.

9. Utilities.

Lessee shall be responsible for providing any utilities (gas, water, sewer, electric, and telephone) to the Premises. Lessee shall, from time-to-time, upon request from Lessor, join in the granting of such utility easements as may be reasonably necessary to service all improvements on the Premises. Any such systems installed must be constructed in full compliance with all appropriate governmental regulations. Notwithstanding the foregoing, Lessor, to the extent permitted under ordinances governing water usage, shall make available to Lessee, at rates and terms available to comparable users, water, in such amounts as may be required to operate the Premises in the manner required by this Lease and sanitary sewer and storm sewer service in a manner consistent with the existing service to the Premises.

10. Science Center Operations.

A. General Provisions. The Lessee shall provide full organization, administration, and supervision of all the Science Center operations, including, but not limited to opening/closing the Science Center at the appropriate times; collection of admission, sales of merchandise, and apparel, programming and meeting facility rental, etc. Lessee desires to lease the Premises and to operate the Science Center in the manner contemplated by this Agreement which includes but is not limited to: AZA and AAM accreditation standards, USDA license certification, approved bylaws and code of ethics per NSC Inc.

B. Daily Hours of Operation. The Lessee shall keep the Premises open daily, including Saturdays, Sundays and holidays, on a seasonal schedule submitted to the Lessor semi-annually. Any dates the Science Center will be closed (i.e. certain days of the week, Christmas, etc.) shall be noted in this schedule. Lessee reserves the right to close at any time without prior notification due to health or safety reasons.

C. Food and Beverage. The Lessee shall have the right to sell food and beverages, on the Premises for on-premises consumption during the Lease Term. Permitting shall be the sole responsibility of the Lessee. The Lessee shall ensure that all local and state health permits and inspections are adhered to, including any services contracted with an outside food/beverage provider. The Lessee shall ensure all products sold or kept for sale shall be first class in quality, wholesome and pure, and shall conform to the federal, State, and County food laws, ordinances and regulations in all respects. No adulterated, misbranded, or impure articles shall be sold or kept for sale by the Lessee, and all food and beverage products kept on hand by the Lessee shall be stored and handled with due regard for sanitation. In the event that the Lessee's food and beverage products are deemed by the Lessor to be less than first class in quality, the Lessor shall have the right to order the improvement of the quality of any such product kept or offered for sale.

D. Facility and Equipment Maintenance.

1. Lessee's Maintenance Obligations. The Lessee shall, at its expense, keep and maintain exhibits, enclosures, equipment, free standing appliances, in good, operable, useable and sanitary order and repair, and in a good operating condition, normal wear and tear, casualty damage, and repairs and replacements for which Lessor is responsible excepted, throughout the Lease Term.

2. Lessor's Maintenance Obligations. Notwithstanding any other provision hereof, Lessor shall, during the Term of this Lease and at Lessor's expense, make and perform all of the repairs and replacements with respect to the areas outlined in Schedule A. The Lessor shall maintain the structural portions of the Lessor Maintained Areas in a good state of repair, in good working order and in a safe condition consistent with the existing condition and state of repair thereof and Lessor shall make all structural repairs and replacements to such areas as may be necessary from time to time to maintain the Lessor Maintained Areas in such condition and state of repair; (ii) the Lessor shall make all repairs and replacements as may be required to the exteriors of any buildings which are a part of the Lessor Maintained Areas in order to keep such exterior building areas in a good state of repair and a safe condition, including the exterior walls of such buildings, any glass or windows, any exterior doors and the roofs of any such buildings; and (iii) Lessor shall make all repairs and replacements to the heating, air conditioning and ventilation equipment and systems in the buildings or improvements constituting the Lessor Maintained Areas as may be necessary to keep such equipment and systems in a good state of repair and in good working

order. In addition, Lessor shall maintain all parking lots and roadways within the Premises in a good condition and state of repair including paving when necessary. Refer to Schedule A.

(a) Lessor shall not be required to make repairs and replacements to the Lessor Maintained Areas which are necessitated by the negligence or willful misconduct of Lessee.

(b) Lessor shall have reasonable access to the Lessor Maintained Areas at mutually convenient times as may be necessary to inspect such areas and to perform the repair, replacement and maintenance thereof required to be performed by Lessor hereunder.

F. Exterior Grounds Maintenance. The Lessee shall provide grounds maintenance services for the Premises, including, but not limited to the obligation to mow, edge, trim, overseed, fertilize, aerate, irrigate, sod, spray, mop, spot irrigate, and maintain turf and shrub areas designated hereunder; as well as to provide weed, disease, and pest control, provide the necessary maintenance of any structures and equipment.

1. Environmentally Sensitive Operation. The grounds will be maintained in an environmentally sensitive manner, using irrigation water with a conservative approach and minimizing synthetic chemical fertilizers and pesticides. Also, the Lessee shall *try* to maintain an environmentally "green" maintenance program designation which will include a recycling program.

G. Compliance with Laws. The Lessee shall conform to and abide by all municipal and County ordinances, and all state and federal laws and regulations, insofar as the same or any of them are applicable; and where permits and/or licenses are required for the Premises operation(s) and/or any construction required or authorized, the same must be first obtained from the regulatory agency having present jurisdiction.

Lessee shall comply with all provisions of the Land and Water Conservation Fund Act and shall obtain all approvals required by that Act as well as others that are applicable. Should the Act, by its terms, or interpretations, prevent the continued management of the Science Center by the Lessee for the public purposes as set out herein then this Lease shall be null and void and of no effect.

H. Compliance with Rules and Regulations. The Lessee shall conform to and abide by all rules, regulations, procedures and policies of the City of Greensboro City Council and the City Manager insofar as the same or any of them are applicable.

I. Disorderly Persons. The Lessee shall exercise every reasonable effort not to allow any loud, boisterous or disorderly persons to remain about the Premises.

J. Illegal Activities. The Lessee shall not knowingly permit any illegal activities or violation of any park ordinances to be conducted upon the Premises.

K. Public Use. The Lessee shall use its reasonable efforts to maximize the public park use of the Premises and the Science Center.

L. Sanitation. No offensive matter or refuse or substance constituting an unnecessary, unreasonable, or unlawful fire hazard, or material detrimental to the public or environmental health shall be permitted to remain on the Premises and the Lessee shall prevent any accumulation from occurring.

M. Safety. The Lessee shall immediately correct any unsafe condition of the Premises, as well as any unsafe practices. The Lessee shall use reasonable care to obtain emergency medical care for any member of the public who is in need because of illness or injury occurring on the Premises. The Lessee shall cooperate fully with the Lessor in the investigation of any accidental injury or death occurring on the Premises, including a prompt report to the Lessor.

N. Prices. The Lessee shall at all times maintain in a visible and convenient location for the public a complete list or schedule of the prices charged for all admission supplied to the public on or from the Premises. Said prices shall be fair and reasonable based upon the following considerations: that the said operation is intended to serve the needs of the public for the goods and/or services supplied at a fair and reasonable cost and are comparable with prices charged for similar services at comparable public museum/zoos; and that the operations of the Science Center

are intended to generate Gross Receipts sufficient to at least defray the Operating Expenses associated with such operations. Lessee will permit City Employees with a valid I.D. entry into the Science Center at the resident discount price.

O. Quality of Goods and Service. Service to the public is of prime concern to the Lessor and is considered a part of the consideration for this Lease. Therefore, the Lessee agrees to operate and manage the Premises and to provide the services and facilities offered in a manner comparable to other similar public facilities and services during the entire Lease Term. The Lessee, following receipt of written notification from Lessor, shall immediately withdraw or remove from sale any goods or services which may be found objectionable to the Lessor based on findings that the provision of such goods or services are harmful to the public welfare.

P. Use of Facilities: Restrictions. The Lessee shall obtain the Lessor's prior written approval of any events or activities at the Premises not otherwise specifically provided for and authorized herein.

Q. Habitation. The Premises shall not be used for human habitation, other than an approved night watchman or patrolman.

R. Meeting with Science Center Board and Staff; Reporting. Lessor shall designate the Parks and Recreation Director as a liaison and will meet with the Board of the Lessor from time to time as requested by the Lessee, to review and discuss Lessee's operation of the Science Center pursuant to this Lease and any matters associated with such operation that the Lessee desires to bring to Lessor's attention.

S. Broker Commission. The parties hereto represent to the other that there is no broker or real estate agent involved in this transaction, that no brokerage commission, or other fee is due from either of them to any party.

T. Ownership of Improvements. All permanent improvements constructed on the Premises by Lessee as permitted by this Lease shall be owned by Lessor.

U. Quiet Enjoyment.

1. Lessor's Covenant. Lessor covenants that it has title to the Premises sufficient to support the Lease Term and any renewal terms provided for herein, that it has the right and authority to make this Lease for the Lease Term and on the conditions herein contained, and that so long as Lessee performs its undertakings, representations and obligations hereunder and is not in default thereon, said Lessee shall have and enjoy peaceful possession and use of the Premises free from the claims of all others.

2. Lessor's Access. The Lessee agrees that it will at all times permit the Lessor access to the Premises when necessary for environmental inspection and testing. The Lessee agrees that it will allow the Lessor to rearrange and maintain facilities at the Premises as required to monitor or remediate environmental conditions.

11. Default.

A. Events of Default. The following events shall be deemed to be Events of Default by Lessee under this Lease:

(1) If Lessee shall fail to pay any scheduled utility costs reserved herein within ten (10) days of the date when due, and shall not cure such failure within ten (10) days after receipt by Lessee of written notice of such failure;

(2) If Lessee shall fail to comply with any term, provision or covenant of this Lease, other than the payment of utilities, and shall not cure such failure within six (6) months after receipt by Lessee of written notice of such failure;

Provided that where fulfillment of such obligation requires activity over a period of time in excess of six (6) months and the Lessee shall have promptly, following receipt of such notice, commenced to perform whatever may be required to cure the particular default and

continues such performance diligently, said time limit shall be extended for so long as may be required to cure the default.

(3) If Lessee shall become insolvent, or shall make a transfer in fraud of its creditors, or shall make an assignment for the benefit of its creditors; and

(4) Transfer of the majority controlling interest of the Lessee to persons other than those who are in control at the time of the execution of this Lease without approval by the Lessor, which shall not be withheld unreasonably.

B. Lessor's Remedies. Upon the happening of any Event of Default, and expiration of any applicable period for curing the same, Lessor may, by written notice given to Lessee, at any time after such Event of Default, terminate the Lease Term effective as of the date of such Event of Default, or may institute an action against Lessee to recover any actual loss sustained by Lessor as a result of such Event of Default.

C. Surrender of Premises. Upon any termination of the Lease Term, whether by lapse of time or otherwise, Lessee shall promptly surrender possession and vacate the Premises.

D. Damages. If Lessor shall elect to terminate the Lease Term because an Event of default has occurred, Lessor shall be entitled to recover of Lessee all sums due from Lessee up to the date of such termination and such damages as may accrue by reason of Lessee's default hereunder.

E. Not Exclusive. No remedy herein or otherwise conferred upon or reserved to Lessor or Lessee shall be considered exclusive of any other remedy, but the same shall be in addition to every other remedy given hereunder, or now, or hereafter existing at law or in equity or by statute. No delay or omission of Lessor or Lessee to exercise any right or power conferred or created under the terms of this Lease, or shall be construed to be a waiver of any such right or power or an acquiescence thereto.

F. Attorneys' Fees. If Lessor incurs any expenses, including court costs and reasonable attorney's fees, as a result of a default by Lessee under this Lease, then such expenses shall be reimbursed by Lessee as additional rent, whether or not such default is subsequently cured.

G. Waiver. A waiver by Lessor of any default by Lessee of any covenant, condition, agreement or Event of Default under this Lease shall not be construed to be a waiver of any subsequent default, and no delay or omission by Lessor to exercise any right or power, shall be construed to be a waiver of any such default or acquiescence thereto.

16. Waiver.

A. General. Any waiver by the Lessor of any breach of any one (1) or more of the covenants, conditions, terms and agreements herein contained shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term or agreement herein contained, nor shall failure on the part of the Lessor to require exact, full and complete compliance with any of the covenants, conditions, terms or agreements herein contained be construed as in any manner changing the terms of this Lease or estopping the Lessor from enforcing the full provisions.

B. No Waiver of Remedies. No delay, failure, or omission of the Lessor to re-enter the Premises or to exercise any right, power, privilege or option, arising from any default, nor any subsequent acceptance of payments then or thereafter shall impair any such right, power, privilege or option, or be construed as a waiver of or acquiescence in such default or as a relinquishment of any right.

C. No Additional Notice. No notice to the Lessee shall be required to restore or revive "time of the essence" after the waiver by the Lessor of any default.

D. Right Not Exhausted By Exercise. No option, right, power, remedy or privilege of the Lessor shall be construed as being exhausted by the exercise in one (1) or more instances. The rights, powers, options, privileges and remedies given the Lessor by this Agreement shall be cumulative.

17. Assignment and Subletting.

Lessee may not assign or otherwise transfer its overall obligation or duties under this Lease without prior written consent of the Lessor. However, Lessor understands that Lessee may provide the services required to be provided by Lessee under this Lease through a sublease to a third-party vendor or through an agreement with a management company as provided for in Section 5 above.

18. Condemnation.

In the event, during the Lease Term, the entire Premises are acquired by the exercise of the power of eminent domain, this Lease shall terminate at the time possession must be surrendered and the Lessee shall be relieved of all future payments and obligations provided for herein.

In the event, during the Lease Term, only a portion of the Premises is acquired by the exercise of the power of eminent domain, and the Premises as thus affected cannot reasonably be used by the Lessee, then this Lease shall be terminable by the Lessee by serving written notice upon the Lessor, and when so terminated, Lessee shall be relieved of all future rental payments and obligations provided for herein.

In either of said events, Lessor and Lessee, as their interests appear under the Lease shall be entitled to the proceeds arising out of any such acquisition of the Premises or portion thereof under the power of eminent domain. Nothing contained herein shall in any way limit or diminish Lessor's right to recover for loss or diminished value to its fee simple ownership of the Premises. Provided, further, that nothing herein shall be construed so as to prevent the Lessee from making a claim for a separate award for any relocation expenses, for such losses as it may sustain in connection with the Science Center which are the property of the Lessee until the expiration or termination of the Lease and any losses or diminishment to its leasehold interest. Provided, further that the Lessee shall be entitled to any amount specifically designated for such losses which it may sustain in either of said events whether such an amount shall be a separate award in itself or shall be only a part of a single award.

19. Environmental Representations Warranties and Indemnity.

Lessee shall not cause or permit any hazardous wastes, hazardous substances, toxic substances or related materials (collectively, "Hazardous Materials") to be used, generated, stored, or disposed of on, under or about, or transported to or from the Premises (collectively "Hazardous Materials Activities") except in compliance with all applicable federal, state and local laws, regulations, ordinances and orders governing such Hazardous Materials or Hazardous Materials Activities, which compliance shall be at Lessee's sole expense. Additionally, Lessee shall not cause or permit any Hazardous Materials to be disposed of on, under or about the Premises without the express prior written consent of the Lessor, which may be withheld for any reason.

Lessee shall be responsible for all reporting or notification obligations of an owner, operator or person in control of petroleum products or Hazardous Materials under any applicable federal, state or local law, regulation, ordinance or order.

The Lessor acknowledges that Lessee will in the future maintain above ground fuel tanks and store fertilizer and other chemicals within the Premises, but only to the extent as are necessary to the operation and maintenance of the Science Center.

Lessor shall not be liable to Lessee or to any other party for any Hazardous Materials Activities conducted or permitted on, under or about the Premises by Lessee or by Lessee's employees, agents, contractors, licensees, or invitees. Lessee shall indemnify, defend with counsel reasonably acceptable to Lessor and hold Lessor harmless from any claims, damages, fines, penalties, losses, judgments, costs and liabilities arising out of or related to any Hazardous Materials Activities conducted or permitted on, or under or about the Premises by Lessee's employees, agents, contractors, licensees, or invitees, regardless of whether Lessor shall have consented to, approved of, participated in or had notice of such Hazardous Materials Activities. The provisions of this paragraph shall survive the expiration or termination of this Lease.

At the expiration of this Lease, including any extension, Lessee shall remove from the Premises, at Lessee's sole expense, all Hazardous Materials located, stored or disposed of on, under or about the Premises which were first brought to or used, stored or disposed of on the Premises by Lessee or by

Lessee's employees, agents, contractors, licensees, or invitees. Lessee shall close, remove or otherwise-render safe any buildings, tanks, containers, or other facilities related to the Hazardous Materials Activities conducted or permitted on the Premises in the manner required by all applicable laws, regulations, ordinances or orders. Lessee shall be solely responsible for the transportation, handling, use or reuse and disposal of such Hazardous Materials after their removal from the Premises.

During its occupancy of the Premises, Lessee shall at its own expense make all corrections, repairs or additions to the Premises or Science Center which are necessary to insure continued compliance with all applicable federal, state and local laws, regulations, ordinances or orders governing any Hazardous Materials Activities conducted or permitted by Lessee or by Lessee's employees, agents, contractors, licensees, or invitees on, under or about the Premises; provided, however, Lessee shall not be required to correct or remediate any non-compliant condition or circumstance in existence as of the Effective Date, which shall remain Lessor's responsibility.

If Lessee is required by any law, regulation, ordinance or order to obtain any insurance or furnish any documentation of financial responsibility in connection with Hazardous Materials conducted or permitted by Lessee or by Lessee's employees, agents, contractors, licensees or invitees on, under or about the Premises, Lessee shall provide evidence of such insurance or documentation to Lessor prior to Lessee's commencement or authorization of any Hazardous Materials Activities on the Premises. In the event any such law, regulation, ordinance or order shall go into effect after the commencement or authorization of any Hazardous Materials Activities on the Premises, Lessee shall furnish evidence of required insurance or documentation to the appropriate regulatory authority. Any insurance or evidence of financial responsibility required pursuant to this paragraph shall be maintained in force for the duration of the Lease Term and shall provide for notice to Lessor at least thirty (90) days prior to cancellation or termination.

For purposes of this section, Hazardous Materials shall include all solid, liquid or gaseous material defined or regulated as wastes under any federal statute or regulation and any state or local law, regulation or ordinance applicable to the Premises and shall further include all other substances defined or regulated as pollutants or as hazardous, toxic, infectious, or radioactive substances under any federal statute or regulation or any state or local law, regulation or ordinance applicable to the Premises, all as amended from time to time. Without limitation to the foregoing, the term Hazardous Materials shall include used or waste oils regulated under any federal, state or local law, regulation or ordinance.

During the Lease Term, Lessor or its representatives shall have the right, but not the obligation, to enter the Premises at all reasonable times for the purposes of inspecting and determining Lessee's compliance with the provisions of this section. Such inspections may include any testing which does not unduly interfere with Lessee's business. If Lessor or Lessor's representative shall detect any violation of the provisions of this section, including the presence of any contamination of soil or groundwater by any Hazardous Materials, Lessor shall notify Lessee of such violation and Lessee shall take immediate steps to correct such violation. If in Lessor's judgment that steps taken by Lessee are inadequate or untimely, Lessor or its representatives shall be entitled to enter the Premises and take whatever corrective action Lessor deems necessary to correct the violation.

20. Indemnification.

During term of this Lease, Lessee will protect, indemnify and save harmless Lessor from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses, including without limitation, attorneys' fees and expenses by reason of (i) any accident, injury to or death of persons or loss of or damage in property occurring on the Premises or any part thereof except such accidents, injuries, deaths, losses or damages caused in whole or in part by the wrongful act or gross negligence of Lessor, its employees and agents, (ii) any use, nonuse or condition of the Premises or any part thereof, (iii) any failure on the part of the Lessee to perform or comply with any of the terms of this Lease or (iv) performance by persons other than Lessor, its agents or employees of any labor or services or the furnishing of any materials or other property in respect to the Premises or any part thereof. In case any action, suit or proceeding is brought against Lessor by reason of any such occurrences, Lessee upon Lessor's request, will at Lessee's expense resist and defend such action, suit or Proceeding, or cause the same to be resisted and defended by counsel reasonably acceptable to the Lessee and Lessor. Such obligation of Lessee under this action which shall have occurred at the time of any termination of this Lease shall survive any such termination.

21. Iran Divestment Act Certification.

As of the date of this Agreement, Lessee certifies that it is not listed on the Final Divestment List created by the State Treasurer pursuant to North Carolina General Statutes § 147-86.58 and that Lessee will not utilize any subcontractor found on the State Treasurer's Final Divestment List. All individuals signing this Agreement on behalf of Lessee certify that they are authorized by Lessee to make this certification.

22. E-Verify.

Lessee certifies that it currently complies with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes, and that at all times during the term of this Agreement, it will continue to comply with these requirements. Lessee also certifies that it will require that all of its subcontractors that perform any work to be reimbursed pursuant to this Agreement to comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes. Violations of this section shall be deemed a material breach of this Agreement.

23. Notices.

Lessee shall make its rental payment and other payments to Lessor at, and shall give all notices or other communication to Lessor at the following address:

City of Greensboro
ATTN: Property Manager
P.O. Box 3136
Greensboro, NC 27402

Copy To:
City of Greensboro
Parks and Recreation Department Director
P.O. Box 3136
Greensboro, NC 27402

Notices from Lessor to Lessee shall be sent to Lessee at the address shown on Page 1 of this Agreement. Every notice or other communication required by this Lease, shall be effective if given in writing and sent by United States Registered or Certified Mail, return receipt requested, with postage prepaid and addressed directly to the respective party at the stated addresses; or at such other addresses as either party may designate by written notice to the other, from time to time.

24. Dispute and Resolution.

All disputes between the Lessor and Lessee under the terms of this Agreement or otherwise shall, if possible, be settled amicably through negotiation. If amicable settlement cannot be reached, then prior to the institution of legal action the Lessor and Lessee agree to submit the dispute to non-binding mediation before a Mediator approved by and in accordance with the Rules for Mediated Settlement Conferences Promulgated by the Administrative Office of the Courts of North Carolina.

25. Miscellaneous Provisions.

A. Entire Agreement. It is expressly understood and agreed by the parties that this Lease sets forth all promises, agreements, conditions, and understandings between the parties relative to the Premises and the Science Center, that no subsequent alteration, amendment, change, or addition to this Lease shall be binding upon either party unless reduced to writing and signed by each of them, that the execution of this Lease or the performance of any act pursuant to the terms and conditions hereof shall not be deemed or construed to have the affect of creating between Lessor and Lessee the relationship of principal and agent or of partnership or of joint venture and that the relationship between them shall be that only of Lessor and Lessee, and that the provisions hereof shall bind and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors, and assigns.

B. Governing Law. This Lease shall be construed and enforced pursuant to the laws of the

State of North Carolina. In the event that any provision of this Lease, by final Court order, shall be held invalid, such shall not serve to affect the remaining portions of this Lease Agreement.

C. Definitions. The following words as used shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used:

"City Manager": City Manager or his/her authorized representative.

"Director": Director of Department of Parks and Recreation or his/her authorized representative.

"State": The State of North Carolina.

"County": Guilford County.

"Department of Parks and Recreation": City of Greensboro Department of Parks and Recreation.

Whenever, as provided in this Agreement, approval of the Lessor is required, the same shall be deemed to mean the approval of the City Manager or the Director of the Department of Parks and Recreation of Greensboro.

D. Enforcement Officer. The City Manager and/or Designee shall be responsible for the enforcement of this Agreement on behalf of the City and shall be assisted by those officers and employees of the City having duties in connection with the administration.

E. Access to Monitor Compliance. Any officers and/or authorized employees of the Lessor may enter upon the Premises at any and all reasonable times for the purpose of determining whether or not the Lessee is complying with the terms and conditions, or for any other purpose incidental to the rights of the Lessor within the Premises.

F. Attorneys' Fees. In the event either party commences legal proceedings for the enforcement of this Agreement, the prevailing party shall be entitled to recover its attorney's fees and costs incurred in the action.

Signatures appear on the next page.

IN WITNESS WHEREOF, the parties have executed this Lease under seal as of the day and year first above written.

LESSEE:
NATURAL SCIENCE CENTER INC.

GLENN DOBROGOSZ, CHIEF EXECUTIVE OFFICER

LANDLORD:
CITY OF GREENSBORO

DIRECTOR, PARKS AND RECREATION

DEPUTY FINANCE OFFICER
(This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act)

APPROVED AS TO FORM:

CITY ATTORNEY

CITY MANAGER

ATTEST CITY CLERK