

STATE OF NORTH CAROLINA
COUNTY OF STOKES

OPERATING/LEASE AGREEMENT

This Operating/Lease Agreement, is entered into on this the 25 day of January, 2018, by and between the County of Stokes a Body Politic, (hereinafter referred to as “LESSOR”), and LifeBrite Hospital Group of Stokes, LLC., a limited liability company, d/b/a LifeBrite Community Hospital of Stokes. (Hereinafter referred to as “LESSEE”).

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, LESSOR and LESSEE do hereby covenant, contract and agree as follows:

1. **TERM and PREMISES**: Lessor hereby agrees to lease to Lessee, the “Leased Premises” as defined herein, for a term of thirty six (36) months commencing on the “Lease Commencement Date” as hereinafter defined. The Leased Premises consists of 2690 square feet of a 7036 square foot commercial building (the “Building”) constructed by Lessor on property acquired from Walter Ronald Petree and Ann Petree Ivey located near Hwy 772 and Hwy 311, Pine Hall, North Carolina, hereinafter sometimes referred to as the “Leased Premises”, and further outlined in red as set forth in a not to scale drawing attached hereto as Exhibit “A”. The “Building”, including the “Leased Premises”, and parking area and adjoining grounds are hereinafter referred to as the “Facility”.

During the lease term, the Lessee agrees to oversee, manage and maintain the entire Facility in accordance with rules and regulations to be established by the Lessor, and in accordance with the terms and conditions set forth on the attached Contract between Stokes County and Walter Ronald Petree and Ann Petree Ivey.

The "Lease Commencement Date" shall be the date that the Building is completed by the Lessor, and accepted as ready for occupancy by the Lessee; which date shall be documented in an addendum to be signed by the parties and attached to this Agreement.

2. **RENEWAL**: Lessee and Lessor agree that should the Lessee desire to lease the premises for a longer term than provided for in Paragraph 1 above, Lessor and Lessee shall negotiate in good faith with each other toward such additional term(s).

3. **RENT AND MANAGEMENT FEES**: The Lessee covenants to pay to Lessor as rent during the lease term the sum of Ten Dollars (\$10.00) per square foot per annum, for an aggregate of Twenty Six Thousand Nine Hundred Dollars and No Cents (\$26,900.00), payable in 4 quarterly installments of Six Thousand Seven Hundred Twenty Five Dollars and No Cents (\$6725.00) per quarter by the fifteenth (15th) calendar day of each quarter throughout the term of this Agreement; said calendar quarterly months are January, April, July, and October. Any rent due for less than a full quarter shall be prorated.

a. During the lease term, the Lessor shall pay to the Lessee, as "Management Fees", for management and oversight of the Facility the annual sum of Twenty Five Thousand Four Hundred Dollars (\$25,400), payable in 4 quarterly installments of Six Thousand Three Hundred Fifty Dollars and No Cents per quarter (\$6350) by the fifteenth (15th) calendar day of each quarter throughout the term of this Agreement; said calendar quarterly months are January, April, July, and October. Any Management Fee for less than a full quarter shall be prorated.

b. The Lessor shall also create a non-reverting Pine Hall facility capital account and shall devote not less than \$1500 per year to such fund, to be used for such capital improvements to the facility and grounds over time as the Lessor determines.

Additionally any fees collected for the use of the conference/community room may also be deposited in the capital account at the discretion of the Lessor.

4. **UTILITIES**: Lessee shall pay all charges for any utilities provided to Leased Premises, the Building and the Facility, including, but not limited to, electrical, telephone, gas, oil, water and sewer services.

5. **FACILITIES /GROUNDS**: Lessee shall pay for all Facility (including Building and grounds) maintenance.

6. **TAXES**: Lessee shall, during any term(s) of this Lease, shall not be charged for any Ad Valorem taxes imposed upon the property subject of this Lease. Lessee shall pay directly to any taxing authority any taxes and or assessments due to the Lessee's occupancy of the Premises or Lessee's trade fixtures, equipment, machinery, inventory, merchandise or other personal property located on the premises and owned by or in the custody of Lessee; and, Lessee shall pay as promptly as all such taxes or assessments may become due and payable without any delinquency.

7. **FIRE AND EXTENDED COVERAGE INSURANCE**: Lessor shall maintain and pay for fire insurance, with extended coverage, covering the Building in an amount equal to the replacement cost of the structure. Lessee shall not do, or cause to be done, or permit done on the Premises, anything deemed extra hazardous. Lessee shall maintain insurance coverage on all of Lessee's equipment, trade fixtures, inventory, and supplies as it may desire.

8. **CONDITION OF LEASED PREMISES**: a. Lessor warrants and represents unto Lessee, that at the commencement of the lease term, the Facility will be in good working condition, and there will be no material defects.

Lessee shall keep and maintain the Facility in good, clean and sanitary order and condition, reasonable wear and tear excepted.

9. **USE:** Lessee agrees to use the Leased Premises solely for the purpose of conducting therein the practice of medicine in accordance with the accepted ethical standards established by Lessee's profession.

a. Lessee also agrees to manage, maintain and oversee the adjoining community room and grounds that are part of the Facility.

b. Lessee agrees to follow all terms and conditions as agreed to with the donor of the land to Stokes County. These terms and conditions are spelled out in Section IV, A. "Terms & Conditions of the contract between Stokes County and Walter Ronald Petree and Ann Petree Ivey dated July 1st 2014 attached hereto as Exhibit "B".

10. **REPAIRS:** Lessor shall be responsible for any repairs relating to the structural integrity of the Building, to-wit: the roof, structural walls, foundation, and life safety systems; and for maintaining the parking area and sidewalks in reasonable repair.

Lessee shall be responsible for any repairs to the Facility not designated as the responsibility of Lessor. Lessor shall not be responsible for any repairs caused by the negligence or willful acts of Lessee its agents, employees, concessionaires, officers, employees, invitees, licensees or contractors; provided, however, that Lessee shall not be responsible for repairs that are necessary solely because of the actions or negligence of the occupants of the Community Building.

11. **FIXTURES AND TRADE FIXTURES:** Lessee shall not materially change, alter or improve the Leased Premises without the express, written permission of Lessor. Any improvements made by Lessee to the Leased Premises which are so attached to the

same in such a manner as to cause serious injury to the Leased Premises upon removal shall become the property of Lessor upon installation.

Lessee shall remove all personal property at the termination of this lease agreement. All personal property belonging to Lessee remaining on the Leased Premises after the last day of the term of this lease shall be deemed abandoned and may be removed by the Lessor at Lessee's expense. Lessor will support Lessee's pursuit of any available grant funding to fund x-ray equipment which will become a permanent fixture of the building as well as any other similar medical equipment.

Lessee shall leave the Leased Premises in substantially the same condition as Lessee accepted possession, reasonable wear, damage by fire, acts of God, the elements, casualty, or other cause not due to the misuse or neglect of Lessee excepted.

12. **IMPROVEMENTS BY LESSEE:** Lessee may, at its own expense, make renovations, alterations, or additions to the Leased Premises, with prior written consent of Lessor, which shall not be unreasonably denied. Said improvements shall be surrendered to Lessor upon expiration of the term of this Agreement, unless Lessor agrees in writing that Lessee may remove certain described improvements.

13. **DEFAULT:** Each of the following shall be deemed an Event of Default:

- a. Default in the payment of rents;
- b. Abandonment of the premises by Lessee; or
- c. Failure on the part of Lessee to abide by any covenant or meet any obligation

material to this Agreement, other than the payment of rents.

14. **NOTICE OF DEFAULT:** In the event of default under items "b" or "c" of Paragraph 14, Lessee agrees to act in good faith, where reasonable, to provide Lessor

with written notice of such default within fifteen (15) business days of default. Lessee shall grant Lessor the courtesy of an advanced warning that default may be imminent when possible and practical.

In the event of default under item "c" of Paragraph 14, Lessor agrees to give Lessee written notice of Lessor's allegations of default and the details of said allegations, specifically regarding the correlation between the act(s) of default and the provisions of this Agreement which Lessor alleges have not been therewith complied fifteen (15) business days before Lessor pursues any remedy available at law against Lessee.

If Lessee has cause to default under item "c" of Paragraph 14, Lessee shall provide Lessor with good reason why Lessee has such cause. Lessor shall then give Lessee, at Lessee's option, thirty (30) days to cure default or such other period of time as Lessor and Lessee mutually agree upon.

In the event of failure of the Lessor to comply with its obligations under this Agreement, Lessee agrees to give notice of Lessee's intent to exercise any right or remedy available at law at least fifteen (15) business days before acting and allow Lessor thirty (30) days to cure such failure, or such other period of time as Lessor and Lessee mutually agree upon.

15. **TERMINATION**: In the event of default and failure to cure within the time allowed herein, Lessor may elect to terminate, at Lessor's option, this Agreement no earlier than thirty (30) days after Lessee's receipt of notice of Lessor's intent. Such termination shall not prohibit Lessor from pursuing any other remedy available at law.

16. **LIMITATION OF LIABILITY**: Lessor shall not be liable for any injury or damage to any person or property at any time during the term of this lease so long as no

such injury is caused due to the negligence or intentional acts or omissions of Lessor or due to Lessor's breach of any provision hereto. Lessor agrees that any rental or other agreement in connection with the use of the Community Building shall include language that releases Lessee from any liability as to loss, damage or injury resulting out of the use of the Community Building.

17. **INDEMNIFICATION BY LESSEE:** Lessee agrees to indemnify, defend and save harmless Lessor (and its directors, officers, licensees, invitees, agents, servants and employees) against and from any and all liabilities, damages, costs, claims, suits, actions, or expenses (including, without limitation, reasonable attorney's fees) arising out of or with respect to Lessee's use of the Leased Premises or the breach by Lessee of any of the terms, covenants or provisions of this Agreement. Neither Lessor nor its agents shall be liable to Lessee or to any person, firm or corporation claiming through or under Lessee for any injury or damage to persons or property resulting from any cause of whatever nature, unless solely caused by the negligence of Lessor.

18. **INDEMNIFICATION BY LESSOR:** Lessor agrees to indemnify, defend and hold harmless Lessee (and its directors, officers, licensees, invitees, agents, servants and employees) against and from any and all liabilities, damages, costs, claims, suits, actions, or expenses (including, without limitation, reasonable attorney's fees arising out of or resulting from any misrepresentation, breach of warranty, or nonfulfillment of any agreement, covenant, or obligation on the part of the Lessor made in this Agreement or any negligence of Lessor.

19. **RIGHT OF RE-ENTRY:** Lessor shall have the right to enter the Leased Premises to examine, exhibit, or repair the Leased Premises provided it do so with

reasonable notice to Lessee. Lessor's actions shall not materially diminish Lessee's enjoyment or use of the Leased Premises.

20. **HOLDOVER**: If Lessee shall holdover after the term of this Agreement with the consent of Lessor, whether express or implied, the tenancy shall be from month to month at the same rental rate expressed herein.

If Lessee shall holdover without permission of Lessor, then Lessee shall be a tenant at sufferance, and rents shall be double the amount of the term figure expressed herein. Such amount shall be prorated by the day until possession is returned to Lessor.

If Lessee shall holdover without permission of Lessor after the expiration of the notice period of a lawful Notice of Termination, then Lessee shall be a tenant at sufferance, and rents shall be double the amount of the term figure expressed herein.

21. **CONDEMNATION CLAUSE**: In the event that all or part of the Leased Premises is taken by eminent domain or conveyed in lieu of eminent domain, thereby depriving Lessee of reasonable use for the purposes intended by this lease, the Lessee shall be released from any and all obligations set forth herein without consequence.

22. **FIRE CLAUSE**: Lessee is obligated to make Lessor aware of damage to Leased Premises by fire.

Upon occurrence of a fire, repairs shall be made by Lessor as soon as reason allows, unless the costs of repairing Leased Premises exceed twenty-five percent (25%) of the replacement cost of the building. If Lessor decides not to repair, Lessee shall be released from any and all obligations set forth herein without consequence. If Lessor takes more than ninety (90) days to repair, Lessee shall be released from any and all obligations set forth herein without consequence.

Lessee shall not be obligated to pay rents to landlord for each day Lessee is unable to use Leased Premises for the purposes set forth herein due to damage by fire so long as Lessee's negligent or willful actions were not the cause of said fire damage.

23. **INSURANCE**: Lessee shall, during the entire term of the lease keep in full force and effect a policy of public liability insurance with respect to the property and the business operated by Lessee in the property and which the limits of general liability shall be in the minimal amount of one million dollars and no cents (\$1,000,000.00) combined single limit, naming Lessor as additional insured. Lessee agrees to provide Lessor with written notice fifteen (15) days before changing or cancelling any public liability insurance policy. Lessee shall provide Lessor with duplicate originals or certificates of insurance upon request.

24. **NOTICES**: All notices and communications concerning this lease shall be mailed to the Lessor in care of: Stokes County Manager, PO Box 20, Danbury, NC 27016
All notices and communications concerning this Agreement shall be mailed to the Lessee at: Hospital Administrator, LifeBrite Community Hospital of Stokes, 1570 NC 8 & 89 Hwy N, P.O. Box 10, Danbury, NC, 27016.

25. **SIGNAGE**: Lessee shall have the right to place such signs as are usual and incidental to the Lessee's business within the premises or elsewhere in or about the outside of the building, provided the same are legal according to the zoning laws of Stokes County, North Carolina.

26. **SALE BY LESSOR**: In the event Lessor sells or conveys the Leased Premises and does not provide for the continuation of the terms of this Agreement, Lessee shall be released from any and all obligations set forth herein without consequence. Lessor shall

not sell or convey the Leased Premises without providing Lessee with ninety (90) days prior, written notice of Lessor's intent to do so.

27. **ASSIGNMENTS AND SUB-LEASE:** Lessee shall not assign or sub-lease Leased Premises without the express, written permission of Lessor.

28. **ATTORNEY'S FEES:** In the event that adverse proceedings commence between the parties hereto, the losing party shall pay to the prevailing party all reasonable costs and expenses associated with the furtherance of such proceedings, including, but not limited to attorney's fees.

29. **INTERPRETATION:** Wherein used, the singular shall be construed to include the plural and the masculine the feminine.

30. **MODIFICATION:** Any modification or amendment of this agreement shall be in writing and executed by all parties before taking effect.

31. **WHOLE AGREEMENT:** The body of this document represents the whole agreement. No oral or other communications or representations shall supersede the agreement expressed though this document.

32. **SEVERABILITY CLAUSE:** If any term, covenant, condition, or provision of this lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

33. **CHOICE OF LAW/VENUE:** The laws of the State of North Carolina shall govern every aspect of this lease, including any adversarial proceedings arising out of the relationship created by its signing. All actions shall be brought in the Courts of appropriate jurisdiction in Stokes County, North Carolina.

34. **BINDING AGREEMENT:** The parties agree that upon execution by both parties, this Agreement shall be binding and fully enforceable upon both parties; however, the duties and obligations under the lease and operating agreement shall not begin until the "Lease Commencement Date" as defined herein. Lessor agrees to use its good faith efforts to complete construction of the Building in a timely manner. If for any reason, the Building cannot be constructed, despite the good faith efforts of the Lessor, this Agreement shall be null and void after delivery of written notice to the Lessee.

IN WITNESS WHEREOF, having read the above and foregoing, the undersigned Lessor and Lessee execute this lease with the intent to be bound to all terms stated herein as of this the date first above written.

LifeBrite Community Hospital of Stokes
LESSEE

BY: Pamela P. Tillman
Pamela P. Tillman
TITLE: Hospital Administrator

Stokes County.
LESSOR

BY: Ronnie Mendenhall
Ronnie Mendenhall
TITLE: Chairman Stokes County Board of
Commissioners

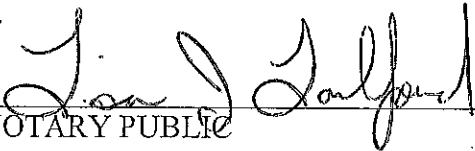
STATE OF NORTH CAROLINA

COUNTY OF STOKES

Personally appeared before me, the undersigned authority in and for the said county and state, on this 25 day of January, 2018, within my jurisdiction, the within named Normie Mendenhall, who acknowledged that he is the Chairman of the Stokes County Board of Commissioners, a North Carolina body politic, and that for and on behalf of the said Body, and as its act and deed he executed the above and foregoing Operating/Lease Agreement, after first having been duly authorized by said Corporation so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 25 day of

January, 2018.


NOTARY PUBLIC

LISA J LANKFORD
NOTARY PUBLIC
Stokes County
North Carolina
My Commission Expires 10-06-2018

MY COMMISSION EXPIRES:

10-06-2018


STATE OF NORTH CAROLINA

COUNTY OF STOKES

Personally appeared before me, the undersigned authority in and for the said county and state, on this 25 day of January, 2018, within my jurisdiction, the within named Pamela Tillman, who acknowledged that he/she is the Administrator of LifeBrite Hospital Group of Stokes, LLC. d/b/a LifeBrite Community Hospital of Stokes, a Georgia limited liability company, and that for and on behalf of the said Company, and as its act and deed he executed the above and foregoing Lease/Operating Agreement, after first having been duly authorized by said Company so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 25 day of

January, 2018.



NOTARY PUBLIC

LISA J LANKFORD
NOTARY PUBLIC
Stokes County
North Carolina
My Commission Expires 10-06-2018

MY COMMISSION EXPIRES:

10-06-2018