

From: [Sharon Whitley](#)
To: [Agenda](#)
Subject: May 13th Agenda Item
Date: Wednesday, May 7, 2025 11:54:55 AM

Lora,

I would like to add the following to Commissioners Court:

Authorize the County Judge to execute a renewal lease agreement between Baptist Hospital of Southeast Texas and Hardin County for leased office space located at 603 FM 418W, Suite G4, Silsbee, Texas. This space is needed for the WIC and Immunizations Services and will be 100% paid for utilizing grant funds.

Thanks,
Sharon Whitley
Sharon.Whitley@co.hardin.tx.us
Health Director
Hardin County Health Department
Kountze, TX 77625
Telephone: 409-246-5188
Cellphone: 409-656-5720
Fax: 409-246-4373

LEASE AGREEMENT

by and between

BAPTIST HOSPITALS OF SOUTHEAST TEXAS

AS LESSOR,

AND

COUNTY OF HARDIN, TEXAS

AS LESSEE

BASIC LEASE INFORMATION
RELATING TO LEASE AGREEMENT DATED MAY 1, 2025
BETWEEN
BAPTIST HOSPITALS OF SOUTHEAST TEXAS
AS LESSOR,
AND
COUNTY OF HARDIN, TEXAS
AS LESSEE

Building: 603 FM 418W, Silsbee, Hardin County, Texas 77656

Project: Includes the Building and the Leased Premises and the Parking Lot

Lessor: Baptist Hospitals of Southeast Texas

Lessee: COUNTY OF HARDIN, TEXAS

Leased Premises: Suite No. G4, consisting of approximately 1,589 square feet of Net Rentable Area in the Building reflected on the floor plan attached to the Lease Agreement and made a part thereof as *EXHIBIT A*.

Permitted Use: The Leased Premises will be used for a medical clinic providing WIC program services as well as vaccines through the Immunization Program, subject to the terms, conditions and limitations of *ARTICLE II, SECTION 2.2(b)* of the Lease. Any changes to the approved program or services must be approved in writing by Lessor.

Scheduled Commencement Date: June 1, 2025

Term: Twelve (12) months

Net Rentable Area of the Leased Premises (subject to the terms of *SECTION 1.2* of the Lease): approximately 1,589 square feet

Base Rent: From and including June 1, 2025 through May 31, 2026, \$1.00 per square foot of Net Rentable Area of the Leased Premises (\$1.00 per year). This amount includes the Operating Expense Component. In no event and under no circumstances shall the Base Rent ever be less than the amount described above in this paragraph.

Security Deposit: None.

Guarantors: None

Lessor's Address for Notices and Payments:

BAPTIST HOSPITALS OF SOUTHEAST TEXAS

Baptist Hospital Property Management
810 Hospital Drive, Suite 310
Beaumont, Texas 77701
Attention: Property Manager

Lessee's Address for Notices:

Hardin County, Texas
P.O. Box 820
Kountze, TX 77625-0820
Attention: Hardin County Health Services

"Lessor's Related Parties" shall mean Lessor's employees, agents, officers, principals, owners, directors, shareholders, trustees, partners, joint venturers, subsidiaries, corporate parents, affiliates, patients, representatives, successors, assigns, customers, invitees, licensees, tenants (other than Lessee and Lessee's Related Parties), subtenants, concessionaires, contractors, servants, vendors, materialmen, suppliers or any other person or entity acting for or on behalf of Lessor, but shall not mean Lessee or any of Lessee's Related Parties.

"Lessee's Related Parties" shall mean Lessee's patients, employees, agents, officers, principals, owners, directors, shareholders, trustees, partners, joint venturers, subsidiaries, corporate parents, affiliates, representatives, successors, assigns, customers, invitees, licensees, tenants, subtenants, concessionaires, contractors, servants, vendors, materialmen, suppliers or any other person or entity acting for or on behalf of Lessee, but shall not mean Lessor or any of Lessor's Related Parties.

The foregoing Basic Lease Information is hereby incorporated into and made a part of the Lease Agreement referenced above. Each reference in such Lease Agreement to any of such Basic Lease Information including, without limitation, definitions contained herein shall mean and refer to the information and definitions hereinabove set forth.

In the event of any conflict between any Basic Lease Information and the Lease Agreement, the Lease Agreement shall control.

LESSOR:

LESSEE:

**BAPTIST HOSPITALS OF
SOUTHEAST TEXAS**

COUNTY OF HARDIN, TEXAS

By: _____
Justin Doss
Chief Executive Officer

By: _____
Name: Wayne McDaniel
Title: Hardin County Judge

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EXHIBITS AND SCHEDULES:

<u>Schedule 1</u>	-	N/A
<u>Schedule 2</u>	-	Leasehold Improvements
<u>Exhibit A</u>	-	Floor Plan
<u>Exhibit B</u>	-	Rules and Regulations of Building
<u>Exhibit C</u>	-	Parking
<u>Exhibit E</u>	-	Guaranty

LEASE AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF JEFFERSON §

THIS LEASE AGREEMENT (this “Lease”) is made and entered effective as of the date set forth on the Basic Lease Information attached to this Lease (the “Basic Lease Information”) between Lessor and Lessee (as such terms are defined in the Basic Lease Information).

W I T N E S S E T H:

ARTICLE I. LEASED PREMISES

1.1 Leased Premises. Subject to and upon the terms, provisions and conditions hereinafter set forth, and each in consideration of the duties, covenants and obligations of the other hereunder, Lessor does hereby lease, demise and let to Lessee and Lessee does hereby lease and take from Lessor those certain premises described on the Basic Lease Information (the “Leased Premises”) located in the Building.

1.2 Net Rentable Area.

The term “Net Rentable Area” shall mean the square footage of all floor area within the Leased Premises measured from the inside surface of the outer glass, finished column or exterior wall of the Building enclosing the Leased Premises to the inside surface of the opposite outer glass, finished column or exterior wall, or to the mid-point of the demising walls separating the Leased Premises from (i) areas leased to or held for lease to other tenants, (ii) the finish surface of the office side of corridor and other permanent walls at Building Common Areas, (iii) Floor Common Areas, and (iv) Service Areas (all as defined below), as the case may be. No deductions from Net Rentable Area shall be made for columns or projections necessary to the Building.

“Service Areas” means the square footage of the areas within (and measured from the finish surface of the office side of the walls enclosing) the Building’s stairs, fire towers, elevator shafts, flues, vents, stacks, pipe shafts, vertical ducts and other vertical penetrations. Areas for the specific use of Lessee and installed at the request of Lessee such as special stairs or elevators are not included within the definition of Service Areas (i.e., such areas will be included in the Net Rentable Area of the space being measured).

“Building Common Areas” means the square footage of the areas within (and measured from the finish surface of the office side of the walls enclosing) the Building’s elevator machine rooms, main mechanical and electrical rooms, public lobbies, and other areas not leased or held for lease within the Building but which are necessary or desirable for the proper utilization of the Building or to provide customary services to the Building.

“Floor Common Areas” means the square footage of the areas within (and measured from the finish surface of the office side of the walls enclosing) public corridors, elevator foyers, rest

rooms, mechanical rooms, janitor closets, telephone and equipment rooms, and other similar facilities for the use of all tenants on the floor on which the Leased Premises are located.

The Net Rentable Area of the Leased Premises has been calculated on the basis of the foregoing definitions, and is stipulated for all purposes to be the number of square feet for same specified in the Basic Lease Information, whether the same should be more or less as a result of minor variations, including minor variations in the Net Rentable Area resulting from actual construction and completion of the Leased Premises for occupancy so long as such work is in accordance with the terms and provisions of this Lease.

ARTICLE II. TERM, USE AND RENT

2.1 Term.

Unless sooner terminated in accordance with the provisions hereof, and subject to and upon the terms and conditions set forth in this Lease, this Lease shall continue in force for a term of twelve (12) months beginning on the Scheduled Commencement Date (as defined in the Basic Lease Information) and ending at the close of business on the day before the first (1st) anniversary of the Commencement Date (the "Term"). If the Leased Premises are not Substantially Complete (as defined in **SCHEDULE 1**) for Lessee's occupancy by the Scheduled Commencement Date as set forth in the Basic Lease Information for any reason, Lessor and Lessor's Related Parties shall not be liable or responsible for, and Lessee, for itself and on behalf of Lessee's Related Parties, hereby expressly RELEASES Lessor and Lessor's Related Parties from, any claims, damages or liabilities in connection therewith, related thereto or by reason thereof, and the Term shall commence upon the date on which Lessor notifies Lessee that the Leased Premises are ready for occupancy by Lessee. Lessee's obligations to pay Rent and Lessee's other obligations under this Lease shall commence upon the Commencement Date (except as expressly otherwise provided in this Lease with respect to obligations arising earlier.) After the occurrence of the Commencement Date, Lessor and Lessee shall, if requested by Lessor, execute a certificate provided by Lessor confirming the Commencement Date.

2.2 Use.

(a) The Leased Premises are to be used and occupied by Lessee solely for the Permitted Use set forth in the Basic Lease Information. Lessee shall occupy the Leased Premises and conduct its business in a lawful and reputable manner and shall not commit, or suffer to be committed, any waste on the Leased Premises or the Project (hereinafter defined), nor shall Lessee use the Leased Premises or the Project in any way which would increase or render void any insurance maintained by Lessor on any portion of the Leased Premises or the Project, or on any of the contents of the Building or Project. No food, soft drink, or other vending machine or cooking equipment (other than a small microwave oven) shall be installed within the Leased Premises without the written consent of Lessor. Lessee shall not cause, maintain, or permit any nuisance in, on, or about the Project, or unreasonably interfere with, annoy, or disturb any other tenant, occupant, Lessor or Lessor's Related Parties in their use or enjoyment of rights in and to the Project.

(b) The Lessee hereby covenants and agrees that the Leased Premises will be used for the Permitted Use only, and not for the provision of services which compete with the Hospital which competing services include, without limitation, laboratory services, mammography

services, x-ray services, radiology services, outpatient surgery services and other services of a kind typically rendered by the Hospital.

2.3 Rent.

(a) Beginning on the Commencement Date and continuing thereafter throughout the Term, Base Rent as set forth in the Basic Lease Information shall be payable in equal monthly installments in advance on the first (1st) day of each calendar month during the Term. Notwithstanding anything contained in this SECTION 2.3 or in any other provision of this Lease to the contrary, in no event and under no circumstances shall the Base Rent ever be less than the amount(s) specified in the Basic Lease Information under the section titled "Base Rent."

(b) Lessee shall also pay and discharge as additional rent ("Additional Rent") during the Term all other amounts, liabilities, obligations, costs, expenses, fees, assessments and impositions which Lessee has agreed to bear and pay pursuant to this Lease or for which Lessee has agreed to reimburse Lessor hereunder, and, if indicated on **SCHEDULE 2**, the cost of all leasehold improvements constructed by Lessor pursuant to **SCHEDULE 2** except for the portion of such costs for which Lessee is entitled to a credit (if any) as described in such **SCHEDULE 2**. Additional Rent shall be payable on demand except as otherwise specifically provided herein. All Base Rent and Additional Rent (collectively "Rent") shall be payable without offset, reduction, abatement, deduction, notice or demand at Lessor's address as set forth in the Basic Lease Information or at such other address as may be designated by Lessor from time to time. If the Term commences on other than the first (1st) day of a month or terminates on other than the last day of a month, then installments of Base Rent and Additional Rent (as appropriate) payable for such month or months shall be prorated accordingly and paid in advance. Except as otherwise provided herein, all past due Rent shall bear interest from the due date until paid at the lesser of eighteen percent (18%) per annum or the maximum non-usurious annual rate permitted by law (the "Past Due Rate").

ARTICLE III. LESSOR'S SERVICES

3.1 Services by Lessor. Lessor shall furnish the following services, the costs of which are to be included as Operating Expenses; provided, however, to the extent the services described below require electricity, gas, water or sewer supplied by public utilities, Lessor shall only be obligated to use reasonable efforts to cause such public utilities to furnish such services, and Lessor's obligations under this **ARTICLE III** shall be subject to (i) any curtailment of such services or utilities, and (ii) any other cause beyond Lessor's control:

(a) Water (hot and cold) at those points of supply provided for general use of tenants and occupants of the Building.

(b) Central air conditioning ventilation and heating, in season, from 6:00 a.m. to 7:00 p.m. Monday through Friday, and from 7:00 a.m. to 1:00 p.m. on Saturday by prior written request from Lessee to Lessor (but in all cases excluding New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and any other generally recognized state or national holiday celebrated in Texas on a community-wide basis (the "Building Holidays")) at such temperatures and in such amounts as are generally standard for the Building. Lessor shall, upon at least a one (1) business day prior written request from Lessee, supply such central air conditioning and heating at such temperatures and in such amounts as are generally

standard for the Building for such additional hours or days as Lessee may from time to time designate in writing. Lessee shall pay Lessor, within thirty (30) days after presentation of an invoice therefor, Lessor's charges for such additional air conditioning and heating, which amount shall be deemed Additional Rent hereunder.

(c) If applicable, non-exclusive automatic passenger elevator service to the floor on which the Leased Premises are located 24 hours per day, seven days per week, and non-exclusive freight elevator service during the Building Hours and at such other reasonable times as Lessee may from time to time reasonably request in writing (but in no event less than a one (1) business day prior written request) subject to Lessor's reasonable approval of the scheduling thereof.

(d) Janitorial services shall not be provided by Lessor. All paper, soap and other expendable supplies to be provided by Lessee.

(e) Electrical services shall be separately metered and paid for by Tenant (inclusive of any required deposits). Sufficient electrical capacity to operate (i) computers, photocopying machines and other machines of similar low voltage electrical consumption (120 volts), provided that the total rated electrical design load at one hundred percent (100%) capacity for said equipment of low electrical voltage on each floor shall not exceed two (2.00) watts per square foot of Net Rentable Area; and (ii) lighting electrical consumption (120 volts), provided that the total rated electrical design load at one hundred percent (100%) capacity for said lighting shall not exceed two (2.00) watts per square foot of Net Rentable Area (each such rated electrical design load to be hereinafter referred to as the "Building Standard Rated Electrical Design Load").

(f) Should Lessee's total rated electrical design load at one hundred percent (100%) capacity exceed the Building Standard Rated Electrical Design Load for either equipment or lighting electrical consumption, or if Lessee's electrical design requires low voltage or high voltage circuits in excess of Lessee's share of the Building standard circuits, Lessor will (at Lessee's sole cost and expense) install additional low voltage panels with associated transformers, switches, wiring and conduit (such additional panels, transformers, switches, wiring, conduit and any related equipment shall be hereinafter collectively referred to as the "Additional Electrical Equipment"). The design and installation of any Additional Electrical Equipment (as well as any related submeters) required by Lessee shall be subject to the prior approval of Lessor. All expenses incurred by Lessor in connection with the review and approval of any Additional Electrical Equipment (as well as any related submeters) shall also be reimbursed to Lessor by Lessee upon demand. Lessee shall also promptly pay to Lessor on demand the metered cost of electricity consumed through the Additional Electrical Equipment paid by Lessor, if applicable, plus any accounting and administrative expenses incurred by Lessor in connection with additional metering thereof.

If any of Lessee's electrical equipment require conditioned air in excess of Building standard air conditioning, then Lessor may, but shall not be obligated to, install the equipment that Lessor deems necessary for such excess air conditioning, and Lessee shall pay to Lessor upon demand all costs and expenses incurred from time to time in connection with such excess air conditioning equipment, including, without limitation, all costs and expenses relating to the design, installation, metering and operation thereof (including the payment to Lessor of a construction management fee equal to ten percent (10%) of such costs and expenses). Notwithstanding the foregoing sentence, all connections into the life safety and fire alarm systems into the base Building shall be completed by Lessor at Lessee's sole cost and expense and all other connections into a base Building system shall be completed by Lessor at Lessee's sole cost and expense (including the

payment to Lessor of a construction management fee equal to ten percent (10%) of the cost of such connections).

(g) All fluorescent bulb and ballast replacement for Building Standard lighting in all areas and all incandescent bulb replacement in all Building corridors, lobbies, rest rooms, janitor closets, Service Areas and other areas not for the exclusive use of any particular tenant.

(h) Access control to the Building on weekends, Building Holidays and between 7:00 p.m. and 6:00 a.m. on all other days; provided, however, **Lessor and Lessor's Related Parties shall have no responsibility to prevent, and shall not be liable to Lessee or Lessee's Related Parties for, and Lessor and Lessor's Related Parties shall be INDEMNIFIED by Lessee and Lessee's Related Parties against, any and all liability, damage or loss to Lessee or Lessee's Related Parties at any time arising out of or relating to losses or damages due to theft, burglary, or damage or injury to persons or property caused by persons gaining access to the Project or the Leased Premises, and Lessee, for itself and on behalf of Lessee's Related Parties hereby RELEASES Lessor and Lessor's Related Parties from all liability and damages relating thereto.**

3.2 Interruption of Services. Failure by Lessor or any of Lessor's Related Parties to any extent to furnish the foregoing defined services, or any interruption or cessation thereof, shall not (i) render Lessor or any of Lessor's Related Parties liable in any respect for, and Lessee, for itself and on behalf of the Lessee's Related Parties, hereby expressly RELEASES Lessor and Lessor's Related Parties, from any damages or losses to either person or property, (ii) be construed as any form of an eviction of Lessee or any of Lessee's Related Parties, (iii) constitute a breach of any express or implied warranty, (iv) work an abatement of Rent, or (v) relieve Lessee from fulfillment of any covenant or agreement hereof, including, without limitation, the timely payment of all Rent. Additionally, should any of the equipment or machinery used in connection with the Project break down, or for any cause cease to function properly, Lessee shall have no claim for rebate or abatement of Rent or damages on account of an interruption in service occasioned thereby or resulting therefrom.

3.3 Payment for Non-Standard Services. Lessee shall pay Lessor as Additional Rent, upon demand, such additional amounts as are necessary to recover additional costs incurred by Lessor in performing or providing (at Lessor's option except as otherwise provided in **SECTION 3.6**) additional janitorial, maintenance, access control or other services or requirements of Lessee or in performing any services (and in paying additional taxes, assessments and insurance) with respect to any improvements in the Leased Premises composed or constructed of materials other than Building Standard.

3.4 Keys and Locks. Lessor shall furnish to Lessee, at Lessor's cost, two keys for each Building Standard lock to exterior entrance doors entering the Leased Premises. Additional regular keys will be furnished at a charge by Lessor on an order signed by Lessee or Lessee's authorized representative. All such keys shall be and remain the property of Lessor. No additional locks shall be allowed on any door of the Leased Premises without Lessor's consent, and Lessee shall not make, or permit to be made, any duplicate keys, except those furnished by Lessor. Upon termination of this Lease, Lessee shall surrender to Lessor all keys for the Leased Premises and Project, and give Lessor keys to or the combination for all locks for safes, safe cabinets, vault doors and security systems, if any, in the Leased Premises. Lessee shall be solely responsible for any additional access control to the Leased Premises; provided, Lessee shall give Lessor prior written notice of all such security

measures taken by Lessee, shall coordinate same with Lessor's engineers and with access control to the Building provided by Lessor, and shall provide Lessor with an explanation of, and keys, passwords, codes or other access devices for, any security system installed by Lessee with respect to the entry into the Leased Premises.

3.5 Signs. Lessor shall provide and install Building Standard letters or numerals at the entrance to the Leased Premises identifying Lessee and Lessee's office number. Lessor shall also provide and install a listing of Lessee's name and office number, and physicians employed by or constituting Lessee, on the Building directory board located in the Building lobby. Lessee shall not display or, except as provided in the first sentence of this **SECTION 3.5**, allow to be displayed, any signs, numerals, letters, or other graphics on the exterior of or which may be visible from outside the Leased Premises.

3.6 Repairs and Maintenance by Lessor. All repairs, alterations or additions that affect the Project's structural components or major mechanical, electrical or plumbing systems shall be made by Lessor or its contractors only, and in the case of any damage to such components or systems caused by Lessee or Lessee's Related Parties shall (subject to **SECTION 5.2**) be paid for by Lessee in an amount equal to Lessor's costs plus fifteen percent (15%) of such costs for overhead. In addition, Lessor or its contractors will, if indicated on **SCHEDULE 2**, construct certain initial leasehold improvements in accordance with **SCHEDULE 2**. Unless otherwise provided in this Lease, Lessor shall not be required to make any improvements to or repairs of any kind or character to the Leased Premises during the Term, except such repairs to Building Standard improvements as may be deemed necessary by Lessor for normal maintenance (which maintenance shall not include painting, carpeting or decorating, or leasehold improvements, replacements, repairs or maintenance); provided, however, above-Building Standard leasehold improvements may, at Lessee's written request, be maintained, repaired, or replaced by Lessor at Lessee's expense, at a charge equal to Lessor's costs plus an additional charge of fifteen percent (15%) of such costs for overhead, which shall be due and payable on demand.

ARTICLE IV. CARE OF LEASED PREMISES; COMPLIANCE

4.1 Acceptance of Leased Premises. By taking possession of the Leased Premises, Lessee acknowledges that it has made a complete inspection of the Leased Premises and accepts same as suitable for the purposes for which they are leased, "**AS IS and WHERE IS**", and that neither Lessor nor any of Lessor's Related Parties have made (the same being expressly **DISCLAIMED** and **WAIVED**) any representation or warranty, implied or express, regarding the habitability, condition, fitness, fitness for a particular purpose or use, or suitability of the Project, the Building, the Leased Premises or any leasehold improvements. Except as otherwise provided in **SECTIONS 5.1 and 5.2**, Lessee's obligation to pay Rent hereunder is not dependent upon the condition of the Leased Premises or the performance by Lessor of its obligations under this Lease and Lessee shall continue to pay Rent, without demand, abatement, deduction, offset or counterclaim, notwithstanding any breach by Lessor of its duties and obligations under this Lease, whether express or implied.

4.2 Repairs and Maintenance by Lessee. Subject to **SECTIONS 3.6, 5.1, 5.2 and 5.5**, Lessee shall, at its expense, (a) maintain and repair the Leased Premises and otherwise keep the Leased Premises in good order and repair and (b) repair or replace any damage to the Project, or any

part thereof, caused by Lessee or any of Lessee's Related Parties; provided, however, all workmen, artisans, and contractors employed for such purposes shall be obtained through or specifically approved by Lessor in its sole discretion prior to the commencement of any work on the Project. If Lessee fails to make such repairs or replacements promptly, Lessor may, at its option, make repairs or replacements, and Lessee shall repay the cost thereof plus a charge of fifteen percent (15%) of such costs for overhead to Lessor on demand.

4.3 Alterations, Additions, and Improvements. Except as otherwise provided in this Lease, Lessee shall not make or allow to be made any alterations or physical additions in or to the Leased Premises, or place safes, vaults, or other heavy furniture or equipment within the Leased Premises, without first obtaining the written consent of Lessor. All alterations, physical additions, and improvements in or to the Leased Premises (including fixtures) shall, when made, become the property of Lessor and shall be surrendered to Lessor without compensation to Lessee upon termination of this Lease, whether by lapse of time or otherwise; provided, however, Lessor may require Lessee to remove any or all of such improvements upon the expiration or earlier termination of this Lease or the termination of Lessee's right of possession of the Leased Premises. This **SECTION 4.3** shall not apply to trade fixtures or movable equipment or furniture owned or leased by Lessee. Lessee shall bear the costs of all removal of Lessee's property, and Lessee shall (subject to **SECTION 5.2**) bear the cost of repairing any damage to the Leased Premises, the Building or the Project caused by such removal (including a charge of fifteen percent (15%) of the cost of such repairs for Lessor's overhead). Nothing express or implied in this Lease shall authorize or permit Lessee or any of Lessee's Related Parties (including, without limitation, any contractor, materialman, vendor or supplier of Lessee) to place any lien, security interest or other encumbrance (including, without limitation, mechanic's and materialman's liens and liens from lenders advancing money for build-out costs, leasehold improvements, equipment or other collateral placed in or on the Leased Premises) upon the Leased Premises or the contents therein, or Lessor's fee interest in the Project or the contents therein, or any part thereof, and Lessee shall, immediately cause any such lien, security interest or encumbrance to be released or otherwise bonded in a manner satisfactory to Lessor. In the event that any such lien, security interest or other encumbrance is placed upon the Project or any of Lessor's property by reason of an action by Lessee or any of Lessee's Related Parties, then Lessee shall become liable to the Lessor, from the date that any such lien, security interest or other encumbrance is filed or otherwise placed against the Project or any of Lessor's property until completely removed and discharged, to pay Lessor Additional Rent at the rate of \$100 per day, payable on demand by Lessor, together with any and all attorney's fees and other related expenses incurred by Lessor in having such lien, security interest or other encumbrance removed and discharged. Lessee hereby confirms, acknowledges and agrees that it is the sole and exclusive duty of the Lessee as well as the holder of any such lien, security interest or other encumbrance against the Project or any of Lessor's property to accurately reflect in the documents and instruments creating any such lien, security interest or other encumbrance that their lien, security interest or other encumbrance does not extend to the Project or any of Lessor's property, and that all such liens, security interests and other encumbrances upon Lessee's property are specifically subordinate, inferior and subject to all of Lessor's statutory, contractual and all other liens and security interests upon Lessee's property.

4.4 Entry into Leased Premises. Lessee shall permit Lessor and Lessor's Related Parties to enter into and upon any part of the Leased Premises at all reasonable hours to inspect the same, to clean or make repairs, alterations or additions thereto or to adjoining space as Lessor may deem necessary or desirable, to show the Leased Premises to prospective new tenants, to cure any defaults

of Lessee hereunder that Lessor elects to cure, or to remove from the Leased Premises any improvements thereto or property placed thereon in violation of this Lease.

4.5 Right to Relocate Lessee. At any time during the Term of this Lease and any renewal or extension thereof, Lessor for good cause shown may upon giving sixty (60) days prior written notice to Lessee, substitute for the Leased Premises other premises in the Building ("New Premises") in which event the New Premises shall be deemed to be the Leased Premises for all purposes hereunder, provided that the New Premises shall be similar in appropriateness for Lessee's permitted use under this Lease.

4.6 Laws and Regulations; Rules of Building.

(a) Lessee shall comply with, and shall cause Lessee's Related Parties to comply with, all laws, ordinances, orders, rules, and regulations (state, federal, municipal and of other agencies or bodies having jurisdiction) relating to the use, condition, maintenance, repair, operation or occupancy of the Leased Premises or the conduct of the Lessee's business therein and with the rules and regulations of the Building set forth on EXHIBIT B, and such other rules and regulations as are adopted by Lessor from time to time for the safety, maintenance, repair, care or cleanliness of the Leased Premises, the Building or the Project or the preservation of good order therein. Lessee hereby agrees not to engage in or permit Lessee's Related Parties to engage in the smoking of any material within the Leased Premises or the Project, including, without limitation, the smoking of tobacco in the form of a cigarette or cigar or by means of a pipe. Neither Lessor nor any of Lessor's Related Parties shall be liable to Lessee or any of Lessee's Related Parties for, and Lessee, for itself, and on behalf of the Lessee's Related Parties, hereby expressly RELEASES Lessor and Lessor's Related Parties from, any failure of any other tenant, occupant, visitor, person or entity to comply with the Building rules and regulations, or with any other laws, ordinances, orders, rules and regulations. Lessee and Lessee's Related Parties shall have a duty to observe reasonable safety precautions in and about the Leased Premises and the Project, and to not admit to the Leased Premises or the Project parties whom the Lessee or the Lessee's Related Parties have cause to believe or suspect might have the intent of violating Building rules and regulations, or any laws, ordinance, orders, rules or regulations.

(b) Lessee shall promptly report to Building security any suspicious persons in or about the Leased Premises or the Project, and shall direct the Lessee's Related Parties to do the same. Lessor and Lessee hereby expressly agree and confirm that neither party has or will represent, warrant or guarantee to the other party, or to any other person or entity, the compliance with any of the Building rules and regulations or with any other laws, ordinances, orders, rules or regulations by any person or entity not within the respective control of Lessor or Lessee, as applicable. Lessor is responsible solely for Lessor's and Lessor's Related Parties' compliance with applicable laws, ordinances, orders, rules and regulations, and Lessee is solely responsible for Lessee's and Lessee's Related Parties' compliance with the Building rules and regulations and all other applicable laws, ordinance, orders, rules and regulations.

(c) Lessee covenants and agrees to comply strictly and in all respects with the requirements of any applicable law, statute, ordinance, permit, decree, guideline, rule, regulation or order pertaining to health or the environment (hereinafter sometimes collectively called "Applicable Environmental Laws"), including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Resource Conservation and Recovery Act, the Texas Water Code and the Texas Solid Waste Disposal Act, as each of the foregoing may be amended,

supplemented or replaced from time to time. Except in connection with Lessee's Permitted Use under this Lease (which Lessee shall do in strict conformity with all Applicable Environmental Laws and all other applicable laws, ordinances, orders, rules and regulations), Lessee shall not cause or permit any Hazardous Materials (as hereinafter defined) to be generated, treated, stored, used, installed or disposed in, on, under or about the Leased Premises or the Project. Lessee represents, warrants, covenants and agrees that Lessee is not and will not become involved in operations at the Leased Premises or Project which could lead to the imposition on Lessor or Lessor's Related Parties of liability under any of the Applicable Environmental Laws. Lessee does hereby, for itself and on behalf of the Lessee's Related Parties, agree to and hereby does INDEMNIFY, DEFEND and HOLD HARMLESS Lessor and Lessor's Related Parties, of, from and against any and all liabilities, assessments, suits, damages, fees, claims, fines, penalties, deficiencies, losses, suits, actions, causes of action, costs, expenses, attorneys' fees and disbursements, judgments and amounts paid in settlement at any time, in any way related to, or in any way arising out of (i) the breach of any of the covenants, conditions or agreements of Lessee under this **ARTICLE IV, SECTION 4.5(c)**, (ii) the handling, installation, storage, use, generation, treatment or disposal of Hazardous Materials, including any cleanup, remedial, removal, or restoration work required by the Applicable Environmental Laws or (iii) the assertion of any lien or claim imposed against the Leased Premises, Project or any portion thereof or Lessor or any of Lessor's Related Parties, or any of their respective property, pursuant to the Applicable Environmental Laws. The covenants and agreements of Lessee under this **ARTICLE IV, SECTION 4.5(c)** shall survive the expiration or termination of this Lease.

As used in this Lease, the term "Hazardous Materials" means any substance including nuclear materials, nuclear waste, medical materials, medical waste, flammables, explosives, radioactive materials, radioactive waste, asbestos-containing materials, the group of organic compounds known as polychlorinated biphenyls and other hazardous waste, toxic substances or related materials, including without limitation substances defined as "hazardous substances", "hazardous materials", "toxic substances" or "solid waste" under any law relating to pollution or the protection or regulation of human health, natural resources or the environment, or which poses a threat or hazard to the health or safety of persons on the Leased Premises or Project.

ARTICLE V. CONDEMNATION, CASUALTY AND INSURANCE

5.1 Condemnation. If any portion of the Building or Project shall be taken or condemned for any public purpose to such an extent as to render all or substantially all of the Leased Premises untenable as determined by Lessor, this Lease shall, at the option of Lessor, cease and terminate as of the date of such taking or condemnation, whereupon all Rent owed up to the date of such taking or condemnation shall be paid by Lessee to Lessor and thenceforth this Lease shall terminate and the parties shall have no further obligations to each other under this Lease. If any portion of the Building or the Project shall be taken or condemned for any public purpose to such an extent, in Lessor's judgment, as to render the continued operation of the Building or Project impractical or unfeasible, this Lease shall, at the option of Lessor, cease and terminate as of the date of such taking or condemnation. If only a portion of the Leased Premises, the Building or Project be so taken so as not to render the remainder thereof untenable as determined by Lessor, this Lease shall continue in full force and effect but Rent shall abate, to the extent applicable, with respect to the portion so taken. All proceeds from any taking or condemnation of the Leased Premises, Building or Project shall belong to and be paid to Lessor. Lessee shall have no claim against Lessor for the value of any unexpired portion of the Term.

5.2 Fire or Other Casualty. In the event of a fire or other casualty in the Leased Premises, Lessee shall immediately give verbal notice thereof to Lessor, followed by written confirmation thereof within three (3) days of such fire or other casualty. If any part of the Leased Premises, Building or Project shall be destroyed, in whole or in part, by fire or other casualty, then Lessor may, at Lessor's option, either terminate this Lease or repair the Leased Premises, Building or Project, as the case may be, so as to put them in substantially the same condition as they existed prior to the date of such fire or other casualty; provided, however, Lessor shall not be required to replace or repair any trade fixtures or personal property of Lessee or any of Lessee's Related Parties, or make any above-Building Standard improvements. If Lessor elects to repair the Leased Premises, Building or Project, as the case may be, and if such fire or other casualty are not the result of the negligence, acts or omissions of Lessee or any of Lessee's Related Parties, then Rent shall be proportionately reduced to the extent as is fair and reasonable under the circumstances until such time as the Leased Premises are made tenantable as determined by Lessor. Lessor and Lessor's Related Parties shall not be liable for, and Lessee, for itself and on behalf of the Lessee's Related Parties, hereby expressly RELEASES Lessor and Lessor's Related Parties from, any damages, liabilities, compensation, or claim, of whatever nature, suffered by Lessee or any of Lessee's Related Parties arising from any such fire or other casualty or any such repair or restoration of any portion of the Leased Premises, Building or Project pursuant hereto. If Lessor elects to terminate this Lease as a result of any such fire or other casualty, then the parties shall have no further duties, liabilities or obligations under this Lease as of the date of Lessor's termination of this Lease, except that Lessee shall remain obligated to pay to Lessor all Rent and all other sums owing under this Lease through the date of such termination of this Lease by Lessor.

5.3 Insurance. Lessor shall maintain general liability insurance and fire and extended coverage insurance with respect to the Building and the Project through such carriers and in such amounts as may be determined by Lessor. If the premiums to be paid by Lessor for such insurance shall exceed the standard rates typically charged therefor because of Lessee's operations, the contents of the Leased Premises, or improvements made to the Leased Premises, Lessee shall promptly pay the excess amount of the premium upon request by Lessor (and, if necessary, Lessor may allocate the insurance costs of the Building to give effect to this sentence). Lessee shall maintain at its sole cost and expense Broad Form Property coverage (including water damage and sprinkler leakage) insurance on all of its personal property, including, without limitation, movable trade fixtures and equipment, located in the Leased Premises, and on all additions and improvements to the Leased Premises whether movable or not and which are not required to be insured by Lessor above, in the amount of their full replacement cost. Lessee shall also maintain at its sole cost and expense Commercial General Liability Insurance on a form at least as broad as the Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001, Ed. 10/93) with minimum limits of \$1,000,000.00 per occurrence and \$2,000,000.00 General Aggregate applying to Bodily Injury, Personal Injury and Property Damage. The General Aggregate Limit shall apply separately to the Leased Premises. Lessor and Lessors' Related Parties designated by Lessor shall be named as insureds on such liability policies. All of Lessee's insurance policies required hereunder shall not be suspended, voided, canceled, reduced in coverage or in limits except after sixty (60) days prior written notice shall have been given to Lessor by the insurance carrier or carriers. Lessee's coverage shall include contractual liability insurance sufficient to cover Lessee's indemnity obligations under this Lease. Lessee shall timely and promptly deliver to Lessor certificates acceptable to the Lessor evidencing all such insurance coverages; provided, however, that Lessor reserves the right to require complete and certified copies of all such insurance policies at any time (including, without limitation, the waiver of subrogation described below). Coverage for Lessee's General Liability and Property obligations must be provided by an insurance company rated "A-" or better by A.M. Best. Any

amount(s) retained by Lessee must be previously approved in writing by Lessor. Notwithstanding the foregoing, in the event of the occurrence of a casualty or other loss, and insurance provided by Lessor and Lessee are both applicable to such casualty or loss, then the insurance provided by Lessor will be secondary to the insurance provided by Lessee.

5.4 Indemnity.

(a) Lessor and Lessee (each an "Indemnitor") will INDEMNIFY and DEFEND the other (each, together with their respective Related Parties, an "Indemnitee") against, and HOLD Indemnitee HARMLESS from, all claims, liabilities, demands or causes of action, including all reasonable legal fees and other expenses of the Indemnitee incidental thereto, for injury to or death of any person, or damage to the Building, Leased Premises or Project, as well as any property of the Indemnitee therein, and caused by Indemnitor's acts, omissions or negligence, or the acts, omissions or negligence of any employee, contractor or agent of Indemnitor. The liability of Indemnitor to indemnify Indemnitee as hereinabove set forth shall not extend to any matter against which such Indemnitee shall be effectively protected by insurance (or would be protected by the insurance such Indemnitee is obligated to maintain pursuant to this Lease), provided that, if any such liability shall exceed the amount of the effective and collectible insurance in question, the liability of Indemnitor shall apply to such excess (as well as to the amount of any deductible under such insurance). The indemnifications contained in this SECTION 5.4 shall survive the termination of this Lease for matters that accrue or otherwise arise prior to the termination of this Lease.

(b) **IT IS THE INTENTION OF THE PARTIES HERETO THAT THE INDEMNITY PROVIDED FOR HEREIN IS A MUTUAL INDEMNITY WITH EACH PARTY PROTECTING THE OTHER WHEN ITS ACTS, OMISSIONS OR NEGLIGENCE CAUSE INJURY, DEATH OR DAMAGE. WHEN THE INJURY, DEATH OR DAMAGE IS THE RESULT OF JOINT OR COMPARATIVE NEGLIGENCE, OR WILLFUL MISCONDUCT OF LESSOR AND LESSEE OR PERSONS OPERATING UNDER THEM AS DESCRIBED ABOVE, THEN EACH PARTY'S DUTY OF INDEMNIFICATION SHALL BE IN PROPORTION TO ITS ALLOCABLE SHARE OF SUCH JOINT OR COMPARATIVE NEGLIGENCE, OR WILLFUL MISCONDUCT.**

5.5 Release and Waiver of Subrogation. Notwithstanding anything to the contrary contained within this Lease, Lessor and Lessee hereby mutually agree that in the event that either Lessor or Lessee sustains a loss by reason of fire or any other event or casualty and such party is then covered (or is required by the terms of this Lease to be covered) in whole or in part by property insurance with respect to such loss, then such party sustaining the loss agrees that such party shall have no right of recovery against the other party, or their respective Related Parties, and such party sustaining the loss hereby WAIVES any right of subrogation which might otherwise exist in or accrue to any third party; provided, however, that in all events, the party sustaining any loss which is covered or required to be covered by property insurance pursuant to the other provisions of this Lease may recover from the other party (assuming such other party otherwise has liability for the loss suffered) the amount of any deductible under any applicable policy of insurance, to the extent of the deductible under such policy. Lessor and Lessee agree that all policies of property insurance obtained by them pursuant to the terms of this Lease shall contain provisions or endorsements thereto waiving the insurer's rights of subrogation with respect to claims against the other, and, unless the property insurance policies permit waiver of subrogation without notice to the insurer, each shall notify its insurance companies of the existence of the waiver and indemnity provisions set forth in this Lease. The provisions of this **SECTION 5.5** shall not (i) limit Lessee's obligations under

SECTIONS 3.6, 4.2 and 4.3, or (ii) be deemed, implied, or construed to be a waiver, release, modification or alteration of the indemnity provisions of this Lease.

ARTICLE VI.
ASSIGNMENT AND SUBLETTING

6.1 Assignment and Subletting. If Lessee should desire to assign this Lease or sublet the Leased Premises or any part thereof (which, for purposes of this **ARTICLE VI**, shall include any form of (i) co-occupancy arrangement, (ii) office sharing arrangement, and (iii) license arrangement, to occupy all or any part of the Leased Premises), Lessee shall give Lessor written notice of such desire (and the proposed effective date thereof) at least sixty (60) days in advance of the date on which Lessee desires to make such assignment or sublease. Such notice shall include the identity of the proposed assignee or sublessee, current financial data with respect to the proposed sublessee or assignee, the nature of its business, and its intended use of the Leased Premises, and shall specify the financial terms, including rental, commissions, tenant build-out allowances and other inducements, and the term of the proposed sublease or assignment. Lessor shall have a period of thirty (30) days following receipt of such notice within which to notify Lessee in writing that Lessor elects (in its discretion); (a) to permit Lessee to assign this Lease or sublet such space; provided, however, if the rental, bonus or other consideration to be paid by such assignee or sublessee under such assignment or sublease (either directly or indirectly) is greater than Rent payable by Lessee to Lessor hereunder, then such excess shall be paid to Lessor, or (b) to refuse to consent to Lessee's assignment of this Lease or sublease of such space and to continue this Lease in full force and effect as to the entire Leased Premises. If Lessor should fail to notify Lessee in writing of such election within such thirty (30) day period, Lessor shall be deemed to have elected option (b) above. No consent by Lessor to any assignment or sublease shall be deemed to be consent to a use not permitted under this Lease, to any act in violation of this Lease, or to any other subsequent assignment or sublease, and no assignment or sublease by Lessee shall relieve Lessee of any obligation under this Lease, including, without limitation, the obligation to timely pay all Rent. No space shall be offered to any broker for listing or advertisement, nor shall Lessee advertise any space for subletting, without the prior written consent of Lessor. Any attempted assignment or sublease by Lessee in violation of the terms and covenants of this **SECTION 6.1** shall be null and void. The restriction against an assignment or sublease described in this **SECTION 6.1** shall be deemed to include a restriction against Lessee's mortgaging its leasehold estate, as well as against an assignment or sublease which may occur by operation of law. If, at the time default occurs under this Lease, the Leased Premises or any part thereof have been assigned or sublet, Lessor, in addition to any other remedies and rights herein provided or available at law or in equity, may, at its option, collect directly from such assignee or sub-tenant all rents and other amounts due and becoming due to Lessee under such assignment or sublease and apply such rent against the Rent due to Lessor from Lessee hereunder, and no such collection shall be construed to constitute a novation or a release of Lessee from the further performance of its obligations hereunder, including, without limitation, the obligation to timely pay all Rent.

6.2 Transfer by Lessor. Lessor shall have the right at any time to transfer and assign, in whole or in part, by operation of law or otherwise, its rights and obligations hereunder and in the Project in which event no further liability or obligation shall thereafter accrue against Lessor hereunder or under any agreement relating to this Lease and Lessee shall attorn to any such transferee or assignee of Lessor.

6.3 Limitation of Lessor's Liability. As to any particular time during the Term, the term "Lessor" shall mean only the owner of the Building at such time, and in the event of the transfer by such owner of its interests in the Building, such owner shall thereupon be released and discharged from all covenants and obligations of Lessor hereunder thereafter accruing, and such covenants and obligations shall be binding during the Term upon each new owner only for the duration of such owner's ownership. Notwithstanding any provision to the contrary (or appearing by implication or otherwise to be to the contrary) herein contained, all liability of Lessor for damages for breach of any covenant, duty or obligation (whether in contract, tort or otherwise) of Lessor hereunder or in any manner relating hereto shall be limited to Lessee's actual direct, and not consequential, punitive or exemplary, damages therefor, which damages may be satisfied only out of the equity interest of Lessor in the Building, it being agreed that neither Lessor, nor any of Lessor's Related Parties, nor any mortgagee of Lessor, shall ever be personally liable for any such damages.

ARTICLE VII. DEFAULT BY LESSEE

7.1 Events of Default. The occurrence of any one or more of the following events shall constitute a default under this Lease:

(a) the failure by Lessee to pay when due any sum of money to be paid by Lessee under this Lease, such failure continuing for a period of five (5) days after the date such payment is due; provided, however, in no event and under no circumstances shall Lessee be entitled to more than five (5) such grace periods during the entire Term of this Lease or any renewal or extension thereof;

(b) the failure by Lessee to timely comply with or perform any of the other terms, obligations, agreements, duties, provisions, covenants, or conditions which Lessee is required to observe and to perform hereunder (other than the obligations and matters described in **ARTICLE VII, SECTION 7.1(a) and SECTION 7.1(c) through (j)**), and such failure continues for a period of twenty (20) days after written notice thereof; provided, however, in no event and under no circumstances shall Lessee be entitled to more than five (5) such written notices during the entire Term of this Lease or any renewal or extension thereof;

(c) the vacation or abandonment by Lessee of the Leased Premises or any part thereof during the Term;

(d) if Lessee is a corporation, if Lessee ceases to exist as a corporation in good standing in the state of its incorporation; or, if Lessee is a partnership, limited liability company or other entity, if Lessee is dissolved or otherwise liquidated;

(e) any general assignment by Lessee for the benefit of creditors;

(f) the filing of any voluntary petition in bankruptcy by Lessee, or the filing of an involuntary petition by Lessee's creditors, which involuntary petition remains undischarged or unstayed for a period of sixty (60) days. In the event that under applicable law, the trustee in bankruptcy or Lessee has the right to affirm this Lease and continue to perform the obligations of Lessee hereunder, such trustee or Lessee shall, in such time period as may be permitted by the bankruptcy court having jurisdiction, cure all defaults of Lessee hereunder outstanding as of the date of the affirmance of this Lease and provide to Lessor such adequate assurances as may be necessary to ensure Lessor of the continued performance of Lessee's obligations under this Lease;

(g) the admission by Lessee in writing of its inability to pay its debts as they become due, the filing by Lessee of a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, the filing by Lessee of an answer admitting or failing timely to contest a material allegation of a petition filed against Lessee in any such proceeding or, if within sixty (60) days after the commencement of any proceeding against Lessee seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been set aside, stayed or dismissed;

(h) the attachment, execution, or other judicial seizure of all or substantially all of Lessee's assets or the Leased Premises, if such attachment or other seizure remains undismissed, unstayed or undischarged for a period of thirty (30) days after the levy thereof;

(i) the employment or appointment of a receiver to take possession of all or any part of Lessee's assets or the Leased Premises, if such receivership remains undissolved for a period of thirty (30) days after creation thereof; or

(j) the failure of Lessee to comply with its obligations under **SECTION 8.13** below.

7.2 Remedies. Upon the occurrence of an event of default, Lessor, at its option, may exercise any one or more of the following described remedies in addition to all other rights, powers, benefits, privileges and remedies available at law or in equity:

(a) Lessor may terminate this Lease, and Lessor may repossess the Leased Premises by forcible entry or detainer suit or otherwise, and Lessor shall have the full right and authority to expel or remove Lessee and any others who may be occupying or within the Leased Premises, and to remove any or all property therefrom and to change all door locks of the Leased Premises, all without demand or notice of any kind to Lessee. Lessor may take these actions without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom (all such liability being hereby expressly WAIVED and RELEASED by Lessee for itself and on behalf of the Lessee's Related Parties), including without limitation any liability arising under the Texas Property Code, as amended, or any other statute, as amended, governing the right of Lessor to change door locks of tenants. In any such event, Lessor shall be entitled to immediately recover as damages a sum of money equal to the total of (i) the cost of recovering the Leased Premises (including, without limitation, reasonable attorneys' fees and disbursements), (ii) the unpaid Rent accrued as of the time of such termination, plus interest thereon at the Past Due Rate from the due date until paid, (iii) the present value, calculated using the Discount Rate (as such term is defined hereinbelow), of the balance of the total Rent and other benefits which would have accrued to Lessor hereunder for the remainder of the Term (as the same may have been extended by the exercise by Lessee of any renewal options expressly granted under this Lease) less the present value, calculated using the Discount Rate (as such term is defined hereinbelow), of the fair market rental value of the Leased Premises for said period (as the same may have been extended by the exercise by Lessee of any renewal options expressly granted under this Lease) and (iv) any other sum of money and damages owed by Lessee to Lessor. As used in this Lease, the term "Discount Rate" shall mean the discount rate in effect at the Federal Reserve Bank nearest the Building on the date of the termination of this Lease by Lessor.

(b) Lessor may terminate Lessee's right of possession to the Leased Premises, and Lessor may repossess the Leased Premises by forcible entry or detainer suit or otherwise, and Lessor shall have the full right and authority to expel or remove Lessee and any others who may be occupying or within the Leased Premises, and to remove any or all property therefrom, and to change all door locks of the Leased Premises, all without demand or notice of any kind to Lessee, and without terminating this Lease. Lessor may take these actions without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom (all such liability being hereby expressly WAIVED and RELEASED by Lessee for itself and on behalf of the Lessee's Related Parties), including without limitation any liability arising under the Texas Property Code, as amended, or any other statute, as amended, governing the right of Lessor to change door locks of tenants. In any such event, Lessor may, but shall be under no obligation to, relet the Leased Premises or any part thereof for the account of Lessee (nor shall Lessor be under any obligation to relet the Leased Premises before Lessor relets or leases any other property under the ownership or control of Lessor) for a period equal to or lesser or greater than the remainder of the Term of the Lease on whatever terms and conditions Lessor, at Lessor's sole discretion, deems advisable. Upon termination of Lessee's right of possession to the Leased Premises as provided herein, Lessee shall be liable for and shall pay to Lessor all Rent payable by Lessee under this Lease (plus interest at the Past Due Rate if in arrears, from the due date until paid) plus an amount equal to (i) the cost of recovering possession of the Leased Premises (including, without limitation, reasonable attorneys' fees and disbursements), (ii) the cost of removing and storing any of Lessee's or any other occupant's property left on the Leased Premises or the Project after re-entry, (iii) the cost of decorations, repairs, changes, improvements, alterations and additions to the Leased Premises and the Project, (iv) the cost of any reletting and the collection of the rent accruing from such reletting, (v) any other costs incurred by Lessor in connection with any such reletting, (vi) the cost of any increase in insurance premiums caused by the termination of possession of the Leased Premises and (vii) any other sum of money or damages owed by Lessee to Lessor, all reduced by any sums received by Lessor through reletting the Leased Premises; provided, however, that in no event shall Lessee be entitled to any excess of any sums obtained by reletting over and above Rent provided in this Lease to be paid by Lessee to Lessor. For the purpose of such reletting Lessor is authorized to decorate or to make any repairs, changes, improvements, alterations or additions in or to the Leased Premises that may be necessary as determined by Lessor. Lessor may file suit to recover any sums falling due under the terms of this **SECTION 7.2(b)** from time to time, and no delivery to or recovery by Lessor of any portion due Lessor hereunder shall be any defense in any action to recover any amount not theretofore reduced to judgment in favor of Lessor. No reletting shall be construed as an election on the part of Lessor to terminate this Lease unless a written notice of such intention is given to Lessee by Lessor. Notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this Lease for such previous default and/or exercise its rights under **SECTION 7.2(a)** of this Lease.

(c) Lessee shall reimburse Lessor on demand for all costs incurred by Lessor in connection with any such default including, but not limited to, reasonable attorneys' fees, related disbursements and court costs, plus interest thereon at the Past Due Rate from the date of demand until paid.

(d) Should Lessee fail to perform any of its obligations under this Lease, Lessor may (but shall not be obligated to), without notice and without terminating this Lease or terminating Lessee's right of possession to the Leased Premises, enter upon the Leased Premises and perform all or any part of such obligations. Upon demand, Lessee shall reimburse Lessor for the cost to Lessor of performing such obligations, plus fifteen percent (15%) of such costs to cover Lessor's overhead,

plus interest at the Past Due Rate from the date such costs are incurred by Lessor to the date of reimbursement by Lessee to Lessor. No action taken by Lessor under this **SECTION 7.2(d)** shall relieve Lessee from any of its obligations under this Lease (including, without limitation, the obligation to timely pay all Rent) or from any consequences or liabilities arising from the failure to perform such obligations.

(e) Lessor shall have the right in the event of the vacation or abandonment of the Leased Premises or other breach of this Lease by Lessee to treat the same as an anticipatory repudiation of this Lease and to, in addition to Lessor's other rights, powers, benefits, privileges and remedies under this Lease, at law and in equity, terminate this Lease or immediately seek recovery for the entire breach of this Lease and any and all damages which Lessor suffers thereby.

(f) If Lessor is required by law to attempt to mitigate Lessor's damages by reletting the Leased Premises resulting from an event of default by Lessee, and if such mitigation requirement or duty is not waivable by Lessee, then Lessee agrees that the following terms, conditions and limitations shall be applicable with respect to Lessor discharging any such mitigation requirement or duty:

- (i) Lessor's duties to mitigate shall be limited to commercially reasonable efforts to lease to substitute lessees who desire space in comparable amount and condition to the vacated Leased Premises;
- (ii) In the event that Lessor has to expend additional sums to build-out, upgrade, or prepare the vacated Leased Premises for a substitute lessee, all such sums shall be paid Lessee upon demand therefor;
- (iii) Lessor shall have the absolute right to utilize the Lessor's standard leasing criteria (as modified or amended from time to time) for the Building, which the parties hereby stipulate and agree is limited to leasing to credit worthy, reliable physicians licensed to practice medicine in the area of practice of the Lessee or an area of practice consistent with the needs of the Lessor, as shown by the Hospital's medical staff development plan (as modified or amended from time to time), all as determined by Lessor;
- (iv) Lessor has a right to seek a mix of physicians in the Building appropriate to meet the community needs for a variety of specialists as determined by the Hospital;
- (v) Lessee acknowledges that Lessor is interested in providing lease space to a variety of physicians to meet community needs, and is not primarily interested in the credit worthiness of prospective lessees for the Building;
- (vi) Lessor shall have the right to allow prospective lessees to choose between the vacated Leased Premises and other vacant space available in the Building, and Lessor is under no duty to require or force prospective lessees to lease the vacated Leased Premises if the prospective lessee feels in the prospective lessee's sole discretion that the vacated Leased Premises are less desirable for any reason whatsoever; and

- (vii) Lessor shall have no duty, obligation or responsibility whatsoever to lease to any competitors (whether persons or entities) of the Hospital or Lessor, or any affiliates of competitors of the Hospital or the Lessor.

(g) Lessor and Lessee hereby expressly agree that none of Lessor's liens or security interests, whether statutory, contractual or otherwise, will cover, affect or attach to any of Lessee's patient records. Lessee shall at all times remain the owner of Lessee's patient records. Lessor shall have the express right and authority to remove any and all of Lessee's patient records at any time after an event of default occurs under this Lease, pursuant to the terms and conditions set forth in **ARTICLE VII, SECTION 7.3** hereinbelow.

7.3 Storage of Property. Any and all property which may be removed from the Leased Premises by Lessor pursuant to the authority of this Lease or of law or equity, to which Lessee or any of Lessee's Related Parties is or may be entitled, may be handled, removed, stored and disposed of, as the case may be, by or at the direction of Lessor at the sole risk, cost and expense of Lessee, and Lessor and Lessor's Related Parties shall in no event be, and Lessee, for itself and on behalf of the Lessee's Related Parties hereby expressly RELEASES Lessor and Lessor's Related Parties from being, responsible for the value, preservation, or safekeeping thereof. In addition to the terms and conditions of the preceding sentence, and in addition to Lessor's other rights and remedies under this Lease and at law and in equity, Lessee hereby expressly authorizes Lessor to remove any and all patient records from the Leased Premises and to deliver them, at Lessor's discretion, to Lessee's main office, or to the residence address of any physician affiliated with Lessor. Lessee shall pay to Lessor, upon demand, any and all expenses incurred in such handling and removal and all storage and disposition charges against such property, plus interest thereon at the Past Due Rate from the date incurred to the date of payment by Lessee, so long as the same shall be in Lessor's possession or under Lessor's control. Any such property of Lessee not retaken by Lessee from storage within thirty (30) days after removal from the Leased Premises shall, at Lessor's option, be deemed conveyed by Lessee to Lessor under this Lease as by a bill of sale with general warranties of title from Lessee without further payment or credit by Lessor to Lessee.

7.4 Surrender. On the last day of this Lease, or upon the earlier termination of this Lease, Lessee shall peaceably surrender the Leased Premises to Lessor, broom clean, in as good a condition as when delivered to Lessee excepting only normal wear and tear resulting from normal use, damage arising by fire or other casualty, and condemnation. If Lessee fails to do any of the foregoing, Lessor, in addition to any other rights, powers, benefits, privileges and remedies available to it under this Lease, at law or in equity may, without notice, enter upon, reenter, possess, and repossess itself of the Leased Premises, by force, summary proceedings, ejectment, or otherwise, and may dispossess and remove Lessee and all persons or property thereon from the Leased Premises. Lessee, for itself and on behalf of the Lessee's Related Parties, hereby WAIVES any and all damages or claims for damages as a result of such disposition or removal, and any such disposition or removal of Lessee shall not constitute a waiver by Lessor of any claims by Lessor against Lessee.

7.5 Holding Over. If Lessee holds over after expiration or termination of this Lease without the written consent of Lessor, Lessee shall pay as liquidated damages two hundred percent (200%) of the Rent then payable hereunder for the entire holdover period. No holding over by Lessee after the Term shall be construed to extend this Lease. In the event of any unauthorized holding over, Lessee, for itself and on behalf of Lessee's Related Parties, shall INDEMNIFY, DEFEND and HOLD Lessor and Lessor's Related Parties HARMLESS (a) against all claims for damages by any other person or entity to whom Lessor may have leased all or any part of the Leased

Premises effective upon the termination of this Lease, and (b) for all of Lessor's losses, costs, damages, liabilities and expenses, including (without limitation) reasonable attorneys' fees, related disbursements and costs of court incurred by reason of such holding over. Any holding over with the written consent of Lessor shall thereafter constitute this Lease a lease from month-to-month.

7.6 Non-Waiver. Failure of Lessor to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default, but Lessor shall have the right to declare any such default at any time and thereupon take such action as may be authorized hereunder, or at law or in equity. No consent or waiver, express or implied, by Lessor to or of any event of default hereunder shall be effective unless in writing, and in no such way shall it be construed as or constitute a consent or waiver to or of any other event of default hereunder. Neither the acceptance by Lessor of any Rent or other payment hereunder, whether or not any default hereunder by Lessee is known to Lessor, nor any custom or practice followed in connection with this Lease, shall constitute a waiver of (i) any of Lessee's obligations under this Lease, including, without limitation, the obligation to timely pay all Rent, or (ii) any of Lessor's rights, remedies, benefits, privileges or powers under this Lease or at law or equity. Except for the execution and delivery of a written agreement expressly accepting surrender of the Leased Premises, no acts or omissions of Lessor or any of Lessor's Related Parties (including, without limitation, the acceptance of keys to the Leased Premises) shall be deemed to be an acceptance of surrender of the Leased Premises.

ARTICLE VIII. MISCELLANEOUS

8.1 Subordination to Mortgage. This Lease is and shall be subject and subordinate to any lien, mortgage, deed of trust, ground lease or other security instrument which may now or hereafter encumber the Building, the Project or the Leased Premises and to all renewals, modifications, supplements, rearrangements, amendments, restatements, consolidations, replacements and extensions thereof and to each advance made or hereafter to be made thereunder (the "Security Documents") to the same extent as if the Security Documents had been executed, delivered, and recorded prior to the execution of this Lease. This clause shall be self-operative and no further instrument of subordination shall be needed. In confirmation of such subordination however, Lessee shall at Lessor's request promptly execute any appropriate certificate or instrument that Lessor may request. Lessee shall also promptly execute from time to time such estoppel certificates or three-party agreements as any mortgagee or other third party may reasonably require certifying to such facts (if and to the extent true) and agreeing to such reasonable notice provisions and other matters as such mortgagee or third party may reasonably require in connection with the business dealings of Lessor and such mortgagee or third party. In the event of the enforcement by the trustee or beneficiary under any such Security Documents of the remedies provided thereunder or by law, Lessee shall thereupon become the tenant of, and attorn to, in accordance with the terms of this Lease, any person succeeding to the interest of such trustee or beneficiary; provided, however, such successor in interest shall not be bound by (a) any payment of Rent for more than one month in advance except prepayments in the nature of security for the performance by Lessee of its obligations under this Lease, or (b) any amendment or modification of this Lease made without the written consent of such trustee or such beneficiary or such successor in interest.

8.2 Notices. Any notice required or permitted to be given hereunder by one party to the other shall be in writing with a statement therein to the effect that notice is given pursuant to this Lease and same shall be served either by hand delivery or by depositing same in the United States mail, registered or certified mail, return receipt requested, postage prepaid, to the address set forth in

the Basic Lease Information or to such other address as either party may have specified upon ten (10) days prior written notice delivered in accordance herewith. Notice shall be deemed given and received if and when actually received (if by personal delivery), or on the date deposited in the mail. Actual notice, however it may be given or received, shall be effective on the date received. Lessor may give Lessee any notice required or permitted hereunder, as well as delivery of any items required or permitted hereunder, at either the business address of Lessee or the residence address of any physician affiliated with Lessee.

8.3 Amendments; Binding Effect. This Lease may not be altered, changed, amended, modified, renewed or extended, except by an instrument in writing signed by the parties hereto. This Lease shall be binding upon and inure to the benefit of the successors and assigns of Lessor and the heirs, beneficiaries, trustees, legal representatives, permitted successors and permitted assigns of Lessee.

8.4 Brokers. Lessee represents to Lessor that it has not engaged any real estate or leasing broker, agent or finder in connection with this transaction and shall INDEMNIFY, DEFEND and HOLD Lessor and Lessor's Related Parties HARMLESS from and against any claims, costs, losses, damages, fees, fines, commissions, penalties, interest, judgments, amounts paid in settlement or expenses incurred by Lessor or any of Lessor's Related Parties by virtue of a breach of the representation made by Lessee in this **SECTION 8.4**.

8.5 Name of Building. Lessor may change the name of the Building at any time without notice to Lessee and Lessee shall not use the name of the Building for any purposes other than its mailing address. Lessee shall not do or permit anything to be done in connection with Lessee's business that will reflect unfavorably on Lessor or the Building or Project, or confuse or mislead the public as to any connection or relationship between or among Lessor, the Building, the Project and Lessee.

8.6 Quiet Enjoyment. Lessee shall, and may peacefully have, hold, and enjoy the Leased Premises, subject to the terms hereof, provided that Lessee timely pays all Rent and other sums herein recited to be paid by Lessee and performs all of Lessee's covenants, obligations and agreements herein contained.

8.7 Parking. Provided Lessee is not in default of this Lease, Lessee shall at all times during the Term have the parking rights (if any) pursuant to the terms and conditions set forth in **EXHIBIT C** attached hereto.

8.8 Cumulative Remedies; Survival. All rights, powers, benefits, privileges and remedies of Lessor under this Lease shall be cumulative and none shall exclude any other rights, powers, benefits, privileges or remedies allowed by law or equity. All indemnities and other similar obligations of either party hereunder which of their nature extend beyond the expiration or earlier termination of this Lease shall survive such expiration or earlier termination of this Lease.

8.9 Choice of Law; Venue. This lease shall be governed by and construed in accordance with the applicable laws of the State of Texas and of the United States of American from time to time. The county in which the Building is located shall be the only proper place of venue for any suit, action or other proceeding at any time arising out of or relating to this Lease.

8.10 Exhibits and Schedules; Counterparts. The Exhibits and Schedules from time to time attached to this Lease are incorporated herein for all purposes. This Lease may be executed in any number of original counterparts, all of which shall constitute but one and the same instrument.

8.11 Force Majeure. Other than for Lessee's Rent and other monetary obligations under this Lease, whenever a period of time is herein prescribed for action to be taken by either party hereto, such party shall not be liable for, and there shall be excluded from the computation for any such period of time, any delays due to weather, strikes, riots, Acts of God, shortages of labor or materials, war, governmental laws, regulations, or restrictions, or any other causes of any kind whatsoever which are beyond the control of such party.

8.12 Severability. If any clause or provision of this Lease is declared illegal, invalid or unenforceable under present or future laws, then the remainder of this Lease shall not be affected thereby and in lieu of such clause or provision, there shall be added as part of this Lease a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

8.13 Professional Licenses; Maintenance of Clinical Privileges. If Lessee is a natural person, and is a member of a licensed profession including, without limitation, the professions of medicine or dentistry (a "Licensed Profession"), which is maintained in or from the Leased Premises or if Lessee is a corporation or other entity, any of the shareholders, partners, principals, owners or members of which are members of a Licensed Profession which is maintained in or from the Leased Premises, Lessee covenants that each person practicing any such Licensed Profession in or from the Leased Premises shall at all times be duly licensed by, and in good standing with, all applicable governmental authorities, and duly qualified and possess the skills necessary to practice such Licensed Profession, and any specialties within such Licensed Profession in which such individual may be engaged. Lessee shall promptly notify Lessor in writing of any expiration or termination of any of the foregoing licenses or permits. Lessee covenants and agrees that any person who is using or occupying any part of the Leased Premises and who is practicing a Licensed Profession shall at all times while conducting any part of its Licensed Profession in or from the Leased Premises maintain clinical privileges at the Hospital (or any successor thereto) and it shall be an event of default under this Lease if such clinical privileges are lost or otherwise not maintained.

8.14 Compliance with Laws. The parties enter into this Lease with the intent of conducting their relationship in full compliance with applicable state, local and federal law including the Medicare/Medicaid Anti-Fraud and Abuse statutes and regulations. Notwithstanding any unanticipated effect of any of the provisions herein, neither party will intentionally conduct itself under the terms of this Lease in a manner that may or will constitute a violation of law.

8.15 Death, Disability or Suspension of Lessee.

(a) Notwithstanding anything contained in this Lease to the contrary, Lessor (with respect to the matters described below in SECTION 8.15(a)(i) through (v)), and Lessee (with respect to only the matters described below in SECTION 8.15(a)(i) and (v)), shall have the option to terminate this Lease (including any extensions or renewals hereof) upon giving sixty (60) days prior written notice to the other party or their respective legal representative, in the event that any of the following shall occur:

- (i) Permanent retirement by the Lessee, or by any Majority Person, from the practice of medicine or dentistry (for purposes of this SECTION 8.15, the term "Majority Person" shall mean any Person who owns a majority ownership or other beneficial interest in or to the Lessee, and the community interest of a spouse of any Majority Person shall be deemed to be owned by such Majority Person);
- (ii) Lessee, or any Person who is practicing a Licensed Profession in or from the Leased Premises, fails to maintain privileges at the Hospital, as more particularly described in ARTICLE VIII, SECTION 8.13 hereinabove (for purposes of this SECTION 8.15, the term "Person" shall mean any person who holds any ownership or other beneficial interest in or to the Lessee, and the community interest of a spouse of any Person shall be deemed to be owned by such Person);
- (iii) the suspension, termination, revocation or discontinuance of a license of Lessee or any Person to practice medicine or dentistry;
- (iv) the determination by any medical or dental or other professional association of which Lessee or any Person is a member that Lessee or any Person has violated the code of ethics of such association; or
- (v) the death or disability of Lessee or any Majority Person (for purposes of this SECTION 8.15, the term "disability" shall mean (a) by virtue of an illness, disease or injury, Lessee or any Majority Person is reasonably expected to be unable or prevented from conducting Lessee's or any Majority Person's medical practice for a period in excess of one (1) year, or (b) a court of competent jurisdiction issues an order or judgment declaring that Lessee or any Majority Person is non compos mentis and a legal guardian is appointed to handle Lessee's or any Majority Person's affairs).

(b) In the event that this Lease is terminated, or in the event Lessee's right to occupy the Leased Premises is terminated, for any of the reasons set forth in ARTICLE VII, SECTION 8.13, or SECTIONS 8.15(a)(i) through (v), then (in addition to all other sums owed by Lessee to Lessor under ARTICLE VII, SECTION 8.13, SECTIONS 8.15(a)(i) through (v), and all of the other applicable provisions of this Lease), Lessee shall pay to Lessor, promptly upon demand therefor, (i) the then unamortized costs of all of leasehold improvements to the Leased Premises, and (ii) all other expenses incurred by Lessor with respect to any such termination of this Lease, or to any such termination of Lessee's occupancy of the Leased Premises.

8.16 Building Construction Disclosure. Lessor hereby discloses to Lessee that certain construction, renovations, repairs or maintenance of the Building and/or Leased Premises may occur from time to time. Lessee hereby acknowledges that such construction, renovations, repairs or maintenance of the Building and/or Leased Premises may occur from time to time. Lessee hereby further expressly agrees, confirms and acknowledges that any such construction, renovations, repairs or maintenance to the Building and/or Leased Premises from time to time, shall not (i) render Lessor or any of Lessor's Related Parties liable in respect for, and Lessee, for itself and on behalf of Lessee's Related Parties, hereby expressly RELEASES Lessor and Lessor's Related Parties from, any and all damages or losses at any time arising to either person or property, (ii) be construed as any

form of an eviction of Lessee or any of Lessee's Related Parties, (iii) constitute a breach of any express or implied warranty, (iv) work an abatement or reduction of Rent, or (v) relieve Lessee from fulfillment of any covenant or agreement in this Lease, including, without limitation, the timely payment of all Rent.

8.17 Entire Agreement. This Lease and the Schedules and Exhibits attached hereto constitute the entire agreement and understanding of Lessor and Lessee with respect to the subject matter hereof and fully supersede, and accordingly Lessor, for itself and on behalf of Lessor's Related Parties, hereby DISCLAIMS and NEGATES, any and all statements, projections, understandings, agreements, covenants, representations and warranties, express or implied, between Lessor and Lessee, made by Lessor or any of Lessor's Related Parties to Lessee or any of Lessee's Related Parties, or set forth in any document or writing delivered or made available to Lessee or any of Lessee's Related Parties prior to the execution and delivery of this Lease.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date aforesaid.

LESSOR:

BAPTIST HOSPITALS OF SOUTHEAST TEXAS

By: _____

Name: Justin Doss

Title: Chief Executive Officer

LESSEE:

COUNTY OF HARDIN

By: _____

Name: Wayne McDaniel

Title: Hardin County Judge

SCHEDULE 2

LEASEHOLD IMPROVEMENTS

1. N/A

EXHIBIT A
FLOOR PLAN

EXHIBIT B
RULES AND REGULATIONS OF BUILDING

1. Lessee shall not place, or cause or allowed to be placed, any sign, placard, picture, advertisement, notice or lettering whatsoever, in, about or on the exterior of the Leased Premises or any part of the Building or Project except in and at such places as may be designated by Lessor and consented to by Lessor in writing. Any such sign, placard, advertisement, picture, notice or lettering so placed without such consent may be removed by Lessor without notice to and at the expense of such lessee. All lettering and graphics on corridors shall conform to the Building Standard prescribed by Lessor.

2. Sidewalks, doorways, vestibules, halls, lobbies, common areas, elevators, elevator foyers, stairways and other similar areas shall not be obstructed by lessees or other occupants or used by any lessees or other occupants for any purpose other than ingress and egress to and from the leased area and for going from one part of the Building to another part of the Building.

3. Corridor doors, when not in use, shall be kept closed.

4. Plumbing, fixtures, equipment and appliances shall be used only for the purposes for which designed, and no sweepings, rubbish, rags, medical waste or other unsuitable material shall be thrown or placed therein. Damage resulting to any such plumbing, fixtures, equipment or appliances from misuse by a lessee or other occupant shall be paid by that particular lessee or other occupant upon demand. In addition to recovery of all costs incurred by Lessor in connection with such damage, Lessor shall be entitled to recover fifteen percent (15%) of such costs to cover Lessor's overhead.

5. Lessor shall provide all locks for doors into each lessee's or other occupant's leased area, and no lessee or other occupant shall place any additional lock or locks on any door in its leased area without Lessor's prior written consent. Two keys for each lock on the doors in each lessee's or other occupant's leased area shall be furnished by Lessor. Additional keys shall be made available to lessees or other occupants at their cost. Lessees or other occupants shall not have any duplicate keys made except by Lessor.

6. Electric current shall not be used for cooking or heating without Lessor's prior written permission. Heating or cooking shall not mean the brewing of coffee, tea or similar beverages nor the heating of prepared food in small microwave ovens.

7. No contractor or other party shall perform any construction work in the Project unless such party and the procedures proposed to be followed by such party and insurance policies of such party are approved by Lessor in writing. This provision shall apply to all work performed in the Project including, but not limited to, installations of telephones, telecopy equipment, computer equipment, electrical devices and attachments, and any and all installations of every nature affecting floors, walls, woodwork, trim, windows, ceilings, equipment and any other physical portion of the Project.

8. Movement in or out of the Project of furniture or office equipment, or dispatch or receipt by lessees or other occupants of any heavy equipment, bulky material or merchandise which requires use of elevators or stairways, or movement through the Building entrances or lobbies shall

be restricted to such hours as Lessor shall designate. All such movement shall be in a manner to be agreed to in writing between the lessee or other occupant and Lessor in advance. Such pre-arrangement shall be initiated by the lessee or other occupant by a written request therefor to Lessor. The time, method, and routing of movement and limitations for safety or other concern which may prohibit any article, equipment or other item from being brought into the Project shall be subject to Lessor's discretion and control. Any hand trucks, carryalls, or similar equipment used for the delivery or receipt of merchandise or equipment shall be equipped with rubber tires, side guards and such other safeguards as Lessor shall require. Although Lessor or its personnel may participate in or assist in the supervision of such movement, the lessee or other occupant assumes final responsibility for all risks relating to damage to articles or property moved, damage to any part of the Project, and injury to persons or public engaged or not engaged in such movement, including, without limitation, equipment, property and personnel of Lessor or any of Lessor's Related Parties if damaged or injured as a result of acts or omissions in connection with carrying out this service for a lessee or other occupant. Lessor shall not be liable for acts of any person or entity engaged in, or any damage or loss to any of said articles, property or persons resulting from any act or omission in connection with such service performed for a lessee or other occupant.

9. Lessor shall have the right to prescribe the weight, position and manner of installation of safes and other heavy equipment (including, without limitation, heavy medical examination or treatment equipment) which shall, if considered necessary by Lessor, be installed in a manner which shall insure satisfactory weight distribution. All damage done to the Project by reason of a safe or any other article of lessee's equipment shall be repaired at the expense of such lessee. The time, routing and manner of moving safes and other heavy equipment shall be subject to prior written approval of Lessor.

10. No portion of any lessee's or other occupant's leased area shall at any time be used for cooking, sleeping or lodging quarters. No birds, animals or pets of any type, with the exception of guide dogs accompanying visually-handicapped persons, shall be brought into or kept in, on or about lessee's or other occupant's leased area.

11. Lessees and other occupants shall not make or permit any loud or improper noises or noxious odors in or from any portion of the Project, or otherwise interfere in any way with Lessor, Lessor's Related Parties, other lessees or other occupants, or persons having business with them.

12. Each lessee or other occupant shall keep its leased area neat and clean. Nothing shall be swept or thrown into the corridors, halls, elevator shafts, lobbies, stairways or common areas, nor shall lessees or other occupants place any trash receptacles in these areas.

13. Lessees and other occupants shall not employ, retain or otherwise utilize any person or entity for the purpose of cleaning other than the cleaning and maintenance personnel authorized by Lessor for the Project.

14. To ensure orderly operation of the Project, Lessor reserves the right to approve all concessionaires, vending machine operators or other distributors of cold drinks, coffee, food or other concessions, water, towels or newspapers.

15. Lessor shall not be responsible or liable to the lessees or other occupants or their respective Related Parties, for any loss of money, jewelry or other personal property from the Project

or public areas or for any loss or damage to any property therein from any cause whatsoever whether such loss or damage occurs when an area is locked against entry or not.

16. Lessees and other occupants shall exercise proper precautions in the protection of their personal property from loss or damage including, without limitation, keeping doors to unattended areas locked. Lessees and other occupants shall also report, in writing, any thefts or losses to the Building Manager and security personnel as soon as reasonably possible after discovery and shall also notify the Building Manager and security personnel of the presence of any persons whose conduct is suspicious or causes a disturbance.

17. Lessees and other occupants and their respective Related Parties, may be called upon to show suitable identification and sign a Building register when entering or leaving the Project and all lessees and other occupants and their respective Related Parties, shall cooperate fully with Building security personnel in complying with such requirements.

18. Lessees and other occupants shall not solicit from or circulate advertising material among other lessees or other occupants of the Project except the regular use of the U.S. mail service. Lessees and other occupants shall notify the Building Manager or the Building security personnel promptly if it comes to their attention that any unauthorized persons are soliciting from or causing annoyance or nuisance to lessees, other occupants or their respective Related Parties.

19. Lessor reserves the right to deny entrance to the Project or to remove any person or persons (and their property) from the Project in any case where the conduct of such person or persons involves or might involve a hazard or nuisance to any lessee or occupant of the Project or to the public or in the event of fire, casualty or other emergency, riot, civil commotion or similar disturbance involving risk to the Project, the contents of the Project, lessees, other occupants or the general public.

20. Lessor reserves the right to rescind any of these rules and regulations and to make such other and further rules and regulations as in its judgment shall from time to time be needed for the safety, protection, care, management, maintenance, repair or cleanliness of the Project, the operation thereof, the preservation of good order therein and the protection and comfort of the lessees and other occupants and their respective Related Parties, which rules and regulations, when made and written notice thereof is given to a lessee or other occupant shall be binding upon them in like manner as if originally herein prescribed and shall automatically become a part of this Lease for all purposes.

21. Lessees and other occupants hereby expressly confirm, acknowledge, represent and warrant that lessees and other occupants of their leased area shall be solely and exclusively responsible and liable for, at lessee's or other occupant's sole cost and expense, the disposal and handling of all medical waste, hazardous waste and all other Hazardous Materials (as such term is defined above in this Lease), and for complying with all Applicable Environmental Laws (as such term is defined above in this Lease).

22. Lessees, other occupants and their respective Related Parties shall not engage in or permit the smoking of any material in their leased area, the Building or the Project, including, without limitation, the smoking of tobacco in the form of a cigarette or cigar or by means of a pipe.

23. Lessees and other occupants shall give immediate notice to Lessor in case of known theft, unauthorized solicitation or accident in the Leased Premises or the Project, or of known defects therein or in any fixtures or equipment, or of any known emergency in the Leased Premises or Project.

24. Lessees and all other persons using the Parking Facility (as such term is defined on **EXHIBIT C** to this Lease) do so at their own risk. Lessor hereby specifically DISCLAIMS all liability and obligation for any death or injury incurred by lessees or any other users of the Parking Facility, and their respective agents, employees, families, friends, guests, patients, or invitees, or as a result of damage to, theft of, or destruction of any vehicle or any contents thereof as a result of the operation or parking of vehicles in the Parking Facility.

25. Lessees and other occupants shall direct and require that lessee, other occupants and their respective Related Parties fully comply with the rules and regulations of the Building described in this **EXHIBIT B**.

26. Lessees, other occupants and their respective Related Parties shall at all times conduct their operations and behavior in and on the Project, Building and Leased Premises in a responsible, safe and prudent manner.

27. Lessees and other occupants hereby expressly confirm and acknowledge that security services and security equipment are available from Lessor for lessees and other occupants. It will, however, be lessee's or other occupant's sole responsibility to advise Lessor of what security services and/or security equipment they shall need. All costs and expenses for any such security services and/or security equipment will be promptly paid by lessees or other occupants.

EXHIBIT C PARKING

During the term of this Lease, Lessee, its employees and visitors shall have the non-exclusive right to use the existing Parking Facilities which includes the surface parking located immediately adjacent to the Building, subject to the rules and regulations governing parking established by the Lessor. Any failure of compliance or default by Lessee or its employees with respect to or under such parking rules and regulations constitute a default under this Lease.

