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Alamance
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Davidson
Davie
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Surry
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Asheboro
Bermuda Run
Bethania
Biscoe
Boonville
Burlington
Clemmons
Colesburg
Danbury
Denton
Dobson
East Bend
Eden
Elkin
Elon
Franklinville
Gibsonville
Graham
Green Level
Greensboro
Haw River
High Point
Jamestown
Jonesville
Kernersville
King
Lewisville
Lexington
Liberty
Madison
Mayodan
Mechanicville
Midway
Mocksville
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Mt. Gilcard
Oak Ridge
Pilot Mountain
Pleasant Garden
Ramoth
Randleman
Reidsville
Rural Hall
Seagrove
Salem
Stokesdale
Stoneville
Summerfield
Thomasville
Tobaccoville
Trinity
Troy
Village of Alamance
Walkertown
Walnut Cove
Wentworth
Whitsett
Winston-Salem
Yadkinville
Yanceyville



PIEDMONT TRIAD REGIONAL COUNCIL

EXECUTIVE COMMITTEE

A-G-E-N-D-A

PAUL J. CIENER BOTANICAL GARDENS
215 SOUTH MAIN STREET
KERNERSVILLE, NC

OCTOBER 3, 2012
11:45 AM - LUNCHEON
12:00 NOON – MEETING

Welcome by Chair Darrell Frye
Invocation

1. **Approval of September 3, 2012, PTRC Executive Committee Minutes**
2. **Request for approval of PTRC Conflict of Interest Policy**, by Matthew L. Dolge, PTRC Executive Director (*attachment*)
3. **Building Update**, by Matthew Dolge
 - Low Bid for Financing
 - Lease/Purchase Agreement
4. **Inventory Tax Reimbursements**, by Matthew L. Dolge (*attachment*)
5. **Old Business**
6. **New Business**
7. **Chairman's remarks and announcements**
 - October PTRC Board of Delegates meeting –
Wednesday, October 17, 2012, 12:00 Noon
Paul J. Ciener Botanical Gardens, 215 South Main Street
Kernersville, NC
 - November PTRC Executive Committee meeting –
Wednesday, November 7, 2012, 12:00 Noon
Paul J. Ciener Botanical Gardens, 215 South Main Street
Kernersville, NC
8. **Informational Items**
 - Summer Youth Employment Program (SYEP) – Monitoring Review (*attachment*)
 - Presentation of The 2012 Grady Hunter Regional Excellence Award
9. **Adjournment**

M-E-M-O-R-A-N-D-U-M

TO: PTRC Executive Committee
FROM: Matthew Dolge, PTRC Executive Director
DATE: September 27, 2012
RE: Approval of the PTRC Conflict of Interest Policy
ITEM #: 2

The PTRC staff is requesting the adoption of a "Conflict of Interest Policy" for PTRC employees and Board members. This policy is consistent with state law GS 14-234(c)(i).

Conflict of Interest Policy

No employee of the Piedmont Triad Regional Council or member of the Board of Delegates shall take part in or vote on any decision, contract or transaction in which he/she has a financial or personal interest. An employee or Board member has a "financial interest" in a matter when a decision in the matter will: 1) cause him/her or his/her spouse to experience a direct financial benefit or loss, or 2) will cause a business in which he/she or his/her spouse owns a 10 percent or greater interest, or is involved in a decision-making role, to experience a direct financial benefit or loss. An employee or Board member shall have a "personal interest" in a matter when it involves a member of his/her immediate family (i.e. parent, spouse, or child).

M-E-M-O-R-A-N-D-U-M

TO: PTRC Executive Committee
FROM: Matthew Dolge, PTRC Executive Director
DATE: September 27, 2012
RE: Building Update
ITEM #: 3

There are two items for review with regard to our facilities project. The first is the low bid for financing our new facility. Southern Community Bank provided a rate of 3.3% for a twenty year note. Debt service on this note is \$21,172 per month, well within our current outlay. I am continuing to negotiate terms with interested institutions and will have a final rate by the October 17th meeting.

The second item is the proposed lease purchase contract for the Carrollton Crossing project. This agreement was worked out by our attorneys and is designed to allow construction to begin once county governments approve the financing resolution. It reflects the down payment we proposed for the new building.

I recommend approval with the stipulation that it not be signed until the resolution process has been completed.



September 6, 2012

Confidential Term Sheet

Piedmont Triad Regional Council
400 West Fourth Street, Suite 400
Winston-Salem, NC 27101

Re: Term Sheet Proposal for financing request for Piedmont Triad Regional Council

To whom it may concern:

Southern Community Bank and Trust (hereafter "Southern Community" or "Bank") is pleased to offer you the following non-binding Term Sheet(s) describing the basic terms and conditions proposed to be included in a loan to Piedmont Triad Regional Council. ("Borrower").

Please note that the following term sheet is a preliminary outline of terms that may be appropriate for your request. This is not a loan commitment or an agreement of any kind by Southern Community Bank and Trust ("Southern Community"). Neither this term sheet nor any other discussions between us shall imply any obligation on the part of Southern Community to continue to discuss or enter into any future agreement with respect to any financing. Notwithstanding the exchange of term sheets such as this one, or correspondence or discussions relating to financing, whether or not containing expressions suggesting an agreement or understanding, no such commitment or agreement will exist unless and until it is embodied in a formal document and executed specifically as a loan commitment or other agreement by an authorized officer of Southern Community. This loan proposal is not intended to be exhaustive and loan documents or a loan commitment may include additional terms and conditions required by the Bank that are not in this proposal. This term sheet is transmitted CONFIDENTIALLY for the sole use of the individual(s) shown above, and it may not be forwarded to others without the express consent of Southern Community.

- Commitment Type: Construction/Permanent Loan
Borrower: Piedmont Triad Regional Council of Governments
Guarantors: None
Purpose: To finance the acquisition of land and the construction of a new office building.
Loan Amount: Up to Three Million Seven Hundred Thousand (\$3,700,000), not to exceed 85% of cost or appraised value, whichever is lower.
Term: 21 Years.
Interest: 3.30% (tax-exempt rate) fixed for 21 years.

Tax Exempt Status: The interest rate is based on the Borrower, under this term sheet, being Bank qualified as a tax exempt entity. A change in this status will allow the Bank to recalculate the interest rate.



- Repayment:** 1 year interest only construction period with monthly payments, followed by 20 year fully amortizing term with payments of principal and interest due monthly. (approximate monthly P&I payment: \$21,172)
- Fees:** None
- Prepayment:** There will be no penalty for repaying the loan in whole or in part at any time.
- Draw Requests:** Draws may be made no more frequently than once per month. Prior to disbursement of funds, following a draw request, Bank requires an inspection of the property by a Bank Officer and/or a Bank designated architect/engineer describing the nature and extent of all work done, indicating the state to which construction has progressed, and certification that all work has been done and materials installed in compliance with plans and specifications. Bank will disburse construction funds to Borrower in accordance with the progress of construction and the value of improvements (not to exceed their costs) as determined by Bank. The Bank may disburse funds directly to the Borrower or at its option to the title insurer, contractor, subcontractor, materialman or laborer. Any disbursement election shall not prevent Bank from making subsequent disbursements in a different manner.
- Collateral:** First Deed of Trust on land, commercial building and all other improvements located at Carrolton Crossings, Kernersville, NC. A first lien UCC on the property will also be required, covering all furniture, fixtures and equipment.
- Appraisal:** This loan commitment is subject to the Bank obtaining, prior to closing, a satisfactory appraisal of the new facility, to be engaged by the Bank and paid by the Borrower. Maximum loan amount shall not exceed 85% of appraised value.
- Deposit Relationship:** The Borrower will maintain a deposit relationship with the Bank for the life of the loan. An escrow account can also be opened with the Bank for the funding of the proposed capital equipment acquisitions.
- Documentation:** The loan will be evidenced by documents prepared by Bank counsel at Borrowers expense.
- Credit Qualifications:** This term sheet is issued in reliance upon the accuracy and completeness of all information furnished by the Borrower and is subject to the continued accuracy and completeness of all such information. The extension of credit by the Bank pursuant to the term sheet is subject to the condition precedent that the Borrower will after the date hereof maintain a financial condition acceptable to the Bank in its sole discretion. In addition, the loan is conditioned upon there being no adverse change, which threatens the Borrower's, ability to repay the loan or pledge the collateral to secure repayment.
- Financials:** While the loan is outstanding, annual audited financial statements on the Borrower will be required within 120 days of each fiscal year-end.

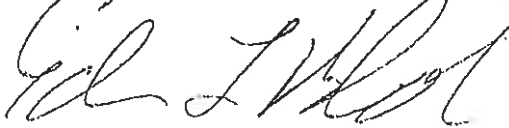
Costs: Borrower shall pay all costs, expenses and fees associated with the closing of this transaction. These costs include, but are not limited to, the following: bank legal fees, borrower attorney fees, appraisal fees, title insurance fees, flood fees, origination fees, environmental assessment fees, and recording fees.

NC G.S. 160A-20 Financing: The Bank has completed successful financing for various tax exempt entities to include the following:

Northeast Stokes Volunteer Fire Department	\$1,145,500	10 year term
Triad Municipal ABC Board	\$987,323	7 year term
Walnut Cove Volunteer Fire Department	\$330,000	6 year term

We greatly appreciate the opportunity to make this proposal to you. If the proceeding terms and conditions are acceptable, please so indicate by signing below. If not extended previously in writing, this term sheet expires November 16, 2012.

SOUTHERN COMMUNITY BANK AND TRUST



Edwin Bland
Senior Vice President/City Executive

Acceptance

Authorized Signer

Date

Authorized Signer

Date

LEASE AGREEMENT

THE ARDEN GROUP, LLC
(Landlord)

and

PIEDMONT TRIAD REGIONAL COUNCIL
(Tenant)

STATE OF NORTH CAROLINA)

COUNTY OF FORSYTH)

LEASE AGREEMENT

This Lease Agreement (this "Lease"), dated as of the ____ day of _____ 2012 (the "Effective Date"), is entered into by and between THE ARDEN GROUP, LLC, a North Carolina limited liability company, (hereinafter, the "Landlord") and PIEDMONT TRIAD REGIONAL COUNCIL, a body politic and corporate under the laws of the State of North Carolina (hereinafter, the "Tenant").

RECITALS/STATEMENT OF PURPOSE

Landlord is the owner of certain real property located in the town of Kernersville, Forsyth County, North Carolina, which is described on Exhibit A, attached hereto and made a part hereof (the "Land"). The Land is located in, and a part of, the commercial development known as Carrollton Crossing (the "Development"). Subject to the terms and conditions of this Lease, Landlord intends to construct an approximately 25,000 square foot building (the "Building"), parking areas containing space for at least seventy-eight (78) vehicles (the "Parking Area"), and other improvements, on the Land (the Land, the Building, the Parking Area, and all other improvements, are hereinafter referred to collectively as the "Premises"). Tenant leases from Landlord, and Landlord leases to Tenant, the Premises, upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord upon the following terms and conditions:

1. CONSTRUCTION OF BUILDING AND OTHER IMPROVEMENTS. Landlord agrees that it shall construct, or have constructed, the Building on the Land, the Parking Area and other improvements pursuant to the provisions set forth in the Workletter attached hereto as Lease Addendum Number One (the "Workletter"). Tenant acknowledges that no promise to decorate, alter, repair or improve the Building and the entire Premises, either before or after the execution hereof, has been made by the Landlord or its authorized representatives, except as the same may be specified in the Plans (as defined in the Workletter). Landlord shall use commercially reasonable efforts to cause completion of the Premises by the Anticipated Completion Date (as set forth in Section 2(c) below), subject in all events to delays resulting from changes in the Plans approved by Tenant or by Force Majeure.

2. LEASE TERM.

(a) The initial Term of this Lease shall commence on the Rent Commencement Date (as defined in subsection 2(c) below) and continue for a period of ten (10) Lease Years (as defined herein) after the Rent Commencement Date. The phrase "Lease Year" shall mean the period beginning on the Rent Commencement Date and ending on the last day of the twelfth (12th) full calendar month following the Rent Commencement Date, and every twelve (12) calendar months thereafter during the Term of this Lease. Upon Substantial Completion of the Premises (as defined in Section 4 of the Workletter) Landlord and Tenant agree to execute a Certificate



of Rent Commencement reflecting the Rent Commencement Date, the Lease Expiration Date, the "as built" square footage of the Building, and the initial Base Rent amount due in accordance with the provisions of Section 3(a) below.

(b) Provided Tenant is not in default hereunder, the Term of this Lease may be extended at the option of the Tenant two (2) times for a period of ten (10) Lease Years each (each a "Renewal Term"). Such options shall be exercised by written notice to Landlord on or before one hundred eighty (180) days prior to the expiration of the Term (or Renewal Term) of this Lease. The renewal shall be upon the same terms, covenants, and conditions as the initial Term, including the provisions for adjustments to Base Rent. References in this Lease to the "Term" shall mean and include each Renewal Term as applicable, except that Tenant shall have no options to extend or renew this Lease following the second Renewal Term. Any termination of this Lease during the initial Term shall automatically terminate all options to renew.

(c) It is anticipated that construction of the Building and other improvements on the Premises will be completed by that date which is two hundred seventy (270) days following the date a building permit is issued for the construction of the Building by applicable municipal authorities (such two hundred seventieth (270th) day being referred to hereinafter as the "Anticipated Completion Date"), provided Tenant fulfills its obligations under the Workletter in a timely manner. If Landlord, as the result of Force Majeure or Delays (as defined in Section 4 of the Workletter), cannot deliver possession of the Premises to Tenant on or before the Anticipated Completion Date, this Lease shall not be void or voidable, no obligation of Tenant shall be affected thereby, and neither Landlord nor Landlord's agents shall be liable to Tenant for any loss or damage resulting from the delay in delivery of possession. However, if Landlord cannot otherwise deliver possession of the Premises to Tenant on or before the Anticipated Completion Date (as may be extended for Force Majeure and/or Delays), Tenant shall receive one (1) day of Rent credit for each day delayed beyond the Anticipated Completion Date. Unless expressly otherwise provided herein, Base Rent (as hereinafter defined) shall commence on the earlier to occur of: (i) the date possession of the Premises is delivered to Tenant; or (ii) the date possession of the Premises could have been delivered to Tenant had there been no Delays (as defined in Section 4 of the Workletter) attributable to Tenant (the "Rent Commencement Date"). In the event the Rent Commencement Date occurs on a day other than the first day of a calendar month, then Rent shall be prorated on a daily basis for such partial month. If the Rent Commencement Date does not occur before three hundred (300) days (not including the time of delays caused by Force Majeure or Delays) following the date a building permit is issued for the construction of the Building, then Tenant may, in addition to any other remedies available to Tenant under this Lease, at law or in equity, elect to terminate this Lease by delivery of written notice to Landlord.

3. RENT; SECURITY DEPOSIT.

(a) **Base Rent.** Base Rent for the first Lease Year shall be \$14.39 per square foot of the Building, which annual Base Rent shall be increased as provided in subsection 3(b) below. Base Rent shall be payable in equal monthly installments in advance on or before the first (1st) day of every calendar month during the Term. The first monthly payment of Base Rent shall be due on the Rent Commencement Date. Base Rent, Additional Rent, and all other charges, fees, costs, or payments to be paid by Tenant to Landlord under this Lease are hereinafter referred to collectively as "Rent." All dates and Rents shall be adjusted to reflect the actual square

footage of the Building "as built" and the actual beginning of the first Lease Year, and will be incorporated into the Certificate of Rent Commencement provided for in Section 2(a) above.

(b) **Base Rent Increases.** The Base Rent shall be increased after the end of every Lease Year by three percent (3.0%) during the Term (and any Renewal Term) of this Lease.

(c) **Additional Rent.** In addition to Base Rent, Tenant shall pay as rent all other sums and charges due and payable by Tenant under this Lease (all of which shall be deemed to be "Additional Rent"), including, but not limited to, all annual and special assessments levied against the Premises by any governmental authority, ad valorem real property taxes, and all costs, fees, and assessments which are, or may be, attributable to or charged against the Premises by the owner's association for the Development.

(d) The Tenant will pay all Rent to Landlord at P.O. Box 5323, Winston-Salem, North Carolina 27113, or to such other person or at such other place as the Landlord may designate in writing.

(e) It is the intent of the parties hereto that the Rent due under this Lease be an absolute net payment to Landlord, and that all costs of maintenance, repairs, utilities, taxes, insurance and any and all other expenses necessary in connection with the operation or maintenance of the Premises will be paid solely by Tenant during the Term.

(f) **Security deposit.** (i) Simultaneously with Tenant's execution and delivery of the Lease, Tenant shall pay Three Hundred Ninety Thousand and 00/100 Dollars (\$390,000.00) (the "Security Deposit") to Landlord as security for the performance by Tenant of its obligations under this Lease. The Security Deposit shall be maintained in an interest-bearing account at a federally insured banking institution segregated from the general operating account of Landlord and funds from other tenants within the Development. If Tenant at any time fails to perform any of its obligations under this Lease, including, without limitation, its Rent or other payment obligations, its restoration obligations, or its insurance and indemnity obligations, then Landlord, may, at its option, apply the Security Deposit (or any portion, including interest earned thereon) to cure Tenant's default or to pay for damages caused by Tenant's default. If the Lease has been terminated, then Landlord may apply the Security Deposit (or any portion, including interest earned thereon) against the damages incurred as a consequence of Tenant's breach. The application of the Security Deposit shall not limit Landlord's remedies for default under the terms of this Lease. If Landlord depletes the Security Deposit, in whole or in part, prior to the expiration or earlier termination of this Lease, then Tenant shall restore immediately the amount so used by Landlord. Within 30 days after the expiration or earlier termination of this Lease, Landlord shall refund to Tenant any unused portion of the Security Deposit (including any unused interest earned thereon) after first deducting the amounts, if any, necessary to cure any outstanding default of Tenant, to pay any outstanding damages for Tenant's breach of the Lease, or to restore the Premises to the condition to which Tenant is required to leave the Premises upon the expiration or termination of the Lease; provided, however, if Tenant exercises the Option to Purchase (defined herein), the Security Deposit shall be a credit towards the Purchase Price for the Premises; provided further, if Tenant does not exercise the Option to Purchase within two (2) years following the Rent Commencement Date, Tenant may, in its sole discretion, use up to \$140,000 of the Security Deposit to prepay any Rent payable to Landlord under this Lease. At the expiration or earlier termination of this Lease, Landlord shall deliver



the unused portion of the Security Deposit and interest earned thereon to Tenant's address for notices set forth in Section 18 below. Except as expressly provided above, Tenant may not credit any unused portion of the Security Deposit against Rent owed under the Lease.

(ii) On each anniversary of the Rent Commencement Date during the Term, provided that no Event of Default has occurred and is continuing (beyond applicable notice and cure periods), and provided Landlord has not applied any portion of the Security Deposit to cure any default or other obligation of Tenant hereunder as set forth in subparagraph (i) above during the immediately preceding Lease Year, Landlord shall refund a \$25,000 portion of the Security Deposit until the balance of the Security Deposit is no more than \$50,000. The intent of this Section 3(f)(ii) is that, notwithstanding the refunds of portions of the Security Deposit as set forth above, the Security Deposit available for Landlord's use and application in accordance with Section 3(f)(i) above would not be less than \$50,000 during the Term after accounting for rent credits and refunds to the Tenant in accordance with the provisions herein.

4. MAINTENANCE RESPONSIBILITIES.

(a) Landlord Maintenance. Landlord shall have no obligations for the repair, maintenance, or replacement of the Premises, including the Building, Parking Area, other improvements, and landscaping of the Premises. Notwithstanding the foregoing, Landlord shall undertake all reasonably necessary actions to enforce all contractor and product warranties related to the Building and other improvements on the Premises to the extent the same are valid and in force.

(b) Tenant Maintenance. Tenant shall be solely responsible for all maintenance, upkeep, repairs, and replacements of any kind and nature with respect to the Premises, such to be accomplished regularly and routinely by Tenant so as to keep the Premises at all times in first-class condition. By way of example and not limitation, Tenant shall keep and maintain the Building, the Parking Area, all fixtures, and all other improvements installed or serving the Premises in good order and repair, including, without limitation: the Building roof, roof membrane, rafters, gutters, downspouts, and vents; exterior walls and wall surfaces; Building foundations, joists, columns, and all other exterior surfaces and components (whether decorative or structural); all interior walls, wall surfaces and coverings, all floor surfaces and coverings; lights, light fixtures and bulbs; interior and exterior doors and door locks; overhead or roll-up doors; ceiling surfaces or tiles; water and sewer lines, storm water drainage and detention facilities, water heaters, sinks, toilets, and all other plumbing fixtures and components; electrical circuitry, wiring, breakers, fixtures, switches and components; windows, window frames, window treatments, and plate glass and other glass; sprinklers, extinguishers, and other fire suppression and life safety equipment; all heating, ventilating, and air conditioning (HVAC) equipment, ductwork, vent covers, filters, and all other HVAC components; elevators and related components; all gas or steam lines and components; security systems; pavement or concrete (including any necessary resurfacing or repaving), curb and guttering, parking space striping, sidewalks, and all other improvements located within the Parking Area; snow and ice removal from the Parking Area, driveways, and walkways; landscaping and lawn maintenance; and all other systems and improvements in and around the Building, Parking Area, or within the Land; except, however, to the extent any Common Area of the Development is located on the Premises, Tenant shall not have any maintenance or repair obligations beyond that which is required of an Owner pursuant to the Declaration (as defined in Section 8 below). Tenant shall not be entitled to any abatement of Rent and Landlord shall not be liable for any

loss or damage occasioned by any breakdown or interruption in the operation of systems, structures, improvements, or other components of the Premises.

5. TAXES & ASSESSMENTS.

(a) Payment of Taxes. Tenant will pay all taxes related to the Premises before the same become delinquent directly to the appropriate taxing authority, including without limitation real estate and personal property taxes and assessments assessed, levied, confirmed, or imposed during the Term of this Lease whether or not now customary or within the contemplation of Landlord and Tenant: (i) upon, measured by, or reasonably attributable to the cost or value of Tenant's equipment, furniture, fixtures, merchandise, inventories, and other personal property located on the Premises or by the cost or value of any leasehold improvements made in or to the Premises by or for Tenant regardless of whether title to such improvements is in Tenant or Landlord; (ii) upon the Premises, and all fixtures and equipment located thereon, and all replacements, improvements, or additions to them, whether owned by Landlord or Tenant; (iii) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use, or occupancy by Tenant of the Premises or any portion of the Premises; (iv) upon or with respect to impervious or paved surfaces on the Premises, and (v) impositions based in whole or in part on Rent, whether made in addition to or in substitution for any other tax (collectively, the "Taxes"). In no event shall Taxes include local, state, or federal income taxes assessed against Landlord, or sales, excise, franchise, gift, estate, succession, inheritance, or transfer taxes of Landlord.

(b) Tenant will have the right to contest the amount or validity, in whole or in part, of any Taxes by appropriate proceedings diligently conducted in good faith, only after paying such Taxes or posting security that Landlord reasonably requires in order to protect the Premises against loss or forfeiture. Upon the termination of any proceedings, Tenant will pay the amount of the Taxes or part of the Taxes as finally determined, the payment of which may have been deferred during the prosecution of the proceedings, together with any costs, fees, interest, penalties, or other related liabilities. Landlord will not be required to join in any contest or proceedings unless the provisions of any law or regulations then in effect require that the proceedings be brought by or in the name of Landlord. In that event Landlord will join in the proceedings or permit them to be brought in its name; however, Landlord will not be subjected to any liability for the payment of any costs or expenses in connection with any contest or proceedings, and Tenant will indemnify and save Landlord harmless from any costs and expenses resulting from such contest or proceedings.

(c) Invoices and Payments. Landlord will promptly forward to Tenant all bills and notices for Taxes received by Landlord. Upon Landlord's request, the Tenant shall furnish Landlord copies of paid receipts or other reasonable evidence of payment for all Taxes forthwith after payment of same.

6. SERVICES. Tenant shall be solely responsible for obtaining and paying for all services that are necessary or desirable with respect to the operation of the Premises, including, without limitation: all janitorial services and supplies; pest control (including wood-destroying insects); water, gas, electricity, heat, light, power, telecommunication, and sewer services; fire sprinkler and life safety services; refuse, garbage, waste and trash collection and removal, and snow removal from the parking areas and sidewalks on the Premises; any other utilities or services



used or desired by Tenant on the Premises; all maintenance charges for utilities; and any storm sewer charges or other similar charges imposed by any governmental entity or utility provider; together with any taxes, penalties, surcharges or the like pertaining to the utilities used by Tenant during Tenant's use of the Premises. No interruption or failure of utilities shall result in the termination of this Lease or the abatement of Rent. As a part of the construction of the Building and the other Tenant Improvements (as described in Lease Addendum Number One), the Building shall be prepared with connections and access to all applicable utilities as shown on the Plans (as defined in Lease Addendum Number One).

7. ALTERATIONS. Any alterations, additions or improvements permitted herein shall be made at the expense of the Tenant. The Tenant shall make no structural alterations, additions or improvements to the Premises, or any non-structural alterations, additions, or improvements which require the issuance of a permit from municipal authorities, without the prior written consent of the Landlord, which consent shall not be unreasonably withheld or delayed. All alterations, additions, improvements, cabinetry or other fixtures made or attached to the Premises by and for the Tenant, including but not limited to, any and all subdividing partitions, walls or railings of whatever type, material or height (but excepting movable office furniture and equipment and modular cabinetry paid for by Tenant and not permanently attached to the Building, which may be removed by the Tenant at the end of the Term of this Lease, if such termination is not the result of a Tenant default hereunder) shall be the property of the Landlord and shall remain upon and be surrendered with the Premises as a part thereof at the expiration or earlier termination of this Lease, unless, at the time of Landlord's consent to the installation of such items, Landlord required the same to be removed by Tenant at the expiration or earlier termination of this Lease.

8. USE AND OCCUPANCY.

(a) The Tenant agrees that the Premises will be used only for general office purposes (the "Permitted Use") and that no unlawful use of the Premises will be made. The Development is subject to that certain Declaration of Covenants, Conditions and Restrictions for Carrollton Crossing recorded in Deed Book 2832, Page 1562, in the office of the Register of Deeds of Forsyth County, North Carolina (the "Declaration"). Unless otherwise defined herein, all capitalized terms used herein shall have the same meaning as ascribed to such terms in the Declaration as the context requires.

(b) Tenant will use and operate the Premises in compliance with the Declaration, as the same may be amended from time to time, and with all laws, rules and regulations of any agency having jurisdiction over the Premises. Except to the extent otherwise specifically permitted under this Lease, Tenant will not use, and will not permit or suffer anyone else to use, the Premises for the production, storage or disposal of any hazardous substance (as now or hereafter defined by any state or federal law or any agency having jurisdiction over the Premises) except for storage of minor amounts typically used for the use and operation of an office building as permitted by applicable law.

9. INSURANCE.

(a) Landlord's Insurance. Landlord agrees that it will keep the Building insured against loss or damage by fire with extended coverage to the full fair insurable value thereof. Tenant shall not be liable to repair damage caused by accidental fire or other casualty covered by such

insurance. Tenant shall not use or permit in the Building or upon the Premises anything that will invalidate or increase the premium rate of any policy of insurance now or hereafter carried on the Building or the Premises. Tenant shall pay Landlord, as Additional Rent, the cost of such insurance within ten (10) days after receipt of Landlord's invoice for the same.

(b) Tenant's Insurance. During the Term, Tenant will, at its sole cost and expense, maintain: (i) workers' compensation insurance in an amount required by law; (ii) commercial general liability insurance with a per occurrence limit of Two Million Dollars (\$2,000,000.00) and a general aggregate of Two Million Dollars (\$2,000,000.00) for bodily injury and property damage on an occurrence basis, and containing an endorsement having Landlord, its agents, employees and lender (if any) as additional insureds, a separation of insured provision, a waiver of subrogation in favor of Landlord, its agents, employees and lender, an aggregate limit per location endorsement, a deletion of contractual liabilities exclusion for personal injury and advertising injury liability, and no modification that would make Tenant's policy excess or contributing with Landlord's liability insurance; (iii) special form property insurance covering all of Tenant's furniture, fixtures, equipment, and all alterations regardless of who paid for them, and at their full replacement value, showing Landlord as insured as its interest may appear, and containing a waiver of subrogation in favor of Landlord, its agents, employees and containing an ordinance or law coverage endorsement. Tenant agrees that all personal property in, about or on the Premises shall be at the risk of Tenant only and that Landlord shall not be liable for damage thereto or theft thereof under any circumstances.

(c) The Landlord and the Tenant agree that if the Premises or any furniture, fixtures, machinery, equipment or other personal property located thereon are damaged or destroyed by fire or other insured casualty, the rights, if any, of either party against the other with respect to such damage or destruction are hereby waived if and to the extent permitted by any applicable insurance policies.

(d) Tenant shall provide Landlord with certificates evidencing the coverages hereinabove described. All such policies provided by Tenant shall name Landlord, and any lender of Landlord which maintains a mortgage on the Premises, as additional insureds, and shall provide that Landlord and such lender must receive at least 20 days' written notice before any cancellation or material change in terms.

10. FIRE OR OTHER CASUALTY.

(a) The Landlord agrees that if the Premises shall be damaged by fire or other casualty, to such an extent that the cost of repairs will be less than 50% of the fair market value thereof at the time of such casualty, provided Landlord's lender permits, Landlord will employ the proceeds of insurance policies referred to in Section 9 to repair the Premises after a casualty with reasonable dispatch after notice to Landlord of damage, due allowance to be made for delay resulting from Force Majeure or any other cause beyond the Landlord's reasonable control; provided, however, that the Landlord shall not be required to expend funds in excess of the insurance proceeds or repair or replace any property which the Tenant may be entitled to remove or which the Landlord may require the Tenant to remove from the Premises upon the termination or expiration of this Lease, and provided further, that during the time that the Premises are unfit for occupancy by Tenant, Rent shall abate in proportion to the extent the

Premises are unfit for occupancy so long as the damage was not occasioned by the intentional act or willful misconduct of Tenant or Tenant's agents, servants, employees, or invitees.

(b) If the Premises (i) are damaged to any material extent during the last year of the initial Term, or (ii) damaged to any material extent at any time during any Renewal Term, or (iii) damaged at any time during the initial Term to such extent that the cost of repairs will be 50% or more of the fair market value, as above described, then, upon the occurrence of any of (i), (ii), or (iii) of the foregoing, the Landlord may choose to terminate this Lease by notifying the Tenant in writing within sixty (60) days of the event of casualty, and upon the occurrence of any of the foregoing, the Tenant may choose to terminate this Lease by notifying the Landlord in writing within sixty (60) days of the event of casualty. In the event of the giving of such notice during the Term of this Lease, this Lease shall expire and all interests of the Tenant in the Premises shall terminate on the date specified in such notice, and the Rent shall be apportioned and paid up to the time of such fire or other casualty if the Premises are damaged, or up to the specified date of termination.

(c) Any insurance proceeds from the fire and extended coverage insurance furnished by the Tenant shall be made payable to the Landlord to effect the required repairs. Tenant will cooperate with and coordinate with Landlord in insuring that such proceeds are at the Landlord's disposal on a timely basis in order that Landlord may proceed with the repairs with reasonable dispatch.

11. CONDEMNATION. If the whole of the Premises, or such substantial part thereof as shall make the Premises wholly unsuitable for the Permitted Use, shall be taken for any public or any quasi-public use under any statute or by right of eminent domain, or by private purchase by condemning authority in lieu thereof, then this Lease shall automatically terminate as of the date the title shall be taken, and all Rent shall be apportioned as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the taking. Neither party shall have any rights in or to any award made to the other by the condemning authority.

12. CONDITION AT COMMENCEMENT AND TERMINATION. The Landlord warrants that the Premises and all its systems including heating, plumbing, wiring, lighting, air conditioning, water and sewer shall be in good working order at the beginning of the Term of this Lease. At the expiration or earlier termination of this Lease, Tenant shall deliver up possession of the Premises to Landlord in as good condition as the same are at the beginning of the Term, excepting only reasonable wear and tear and events of casualty.

13. INDEMNITY. The Tenant agrees to defend, indemnify and save harmless the Landlord and the agents, servants and employees of the Landlord against and from any and all claims made or liability, loss, cost, damage and expenses (including reasonable attorneys' fees) assessed against Landlord by or on behalf of any person, firm or corporation arising by reason of injury to person or property occurring on the Premises, occasioned in whole or in part by any act, omission, negligence or intentional misconduct of Tenant. Subject to the provisions of Section 9 above, Tenant agrees to pay for all damage to the Premises, as well as all damage to licensees or invitees thereof, caused by Tenant's misuse or neglect of the Premises, its apparatus or appurtenances. Landlord shall not be liable to Tenant for any loss or damage

incurred by Tenant as the result of any act of negligence of any person or by any owner or occupant of property adjoining or contiguous to the Land, except for Landlord.

14. QUIET ENJOYMENT. The Landlord agrees that the Tenant, on paying Rent and keeping and performing the agreements and covenants herein contained, shall hold and enjoy the Premises for the Term aforesaid, free from interference by the Landlord or by any one claiming by, through or under the Landlord, subject, however, to the provisions of this Lease.

15. ASSIGNMENT AND SUBLETTING. (a) Except as set forth below, Tenant shall not assign or sublease the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld. Consent to any assignment or sublease by Landlord shall not release the Tenant from its obligations and liabilities hereunder. For the purpose of this Section 15, the word "assignment" shall be defined and deemed to include any dissolution or reorganization of Tenant, or the sale or other transfer of a controlling percentage (hereafter defined) of capital stock of Tenant or the sale of fifty percent (50%) or more in value of the assets of Tenant. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least fifty one percent (51%) of the total combined voting power of all classes of Tenant's capital stock issued, outstanding and entitled to vote for the election of directors, or such lesser percentage as is required to provide actual control over the affairs of the corporation. (b) Landlord may not assign this Lease (except to a parent, subsidiary, or other affiliate of Landlord) without Tenant's prior written consent at any time during the period from the Effective Date until the Rent Commencement Date. Thereafter, Landlord may assign this Lease to any third party without Tenant's consent.

16. DEFAULT.

(a) Default. Any one or more of the following events shall constitute a "Default" or "Event of Default" by the Tenant:

(1) Tenant's failure to pay any installment of Rent, Additional Rent, or any other amounts due under this Lease on or before the date the same is due after ten (10) days written notice from Landlord (provided that Landlord shall not be required to provide such notice more than twice during any 12 month period of the Term); or

(2) Tenant's failure to perform any of the other covenants, conditions and agreements under this Lease and a continuance of such failure without the curing of same for a period of thirty (30) days after Landlord's notice to Tenant specifying the nature of such failure; provided, that if such cure cannot reasonably be accomplished within thirty (30) days, Tenant shall have such additional time as may be reasonably necessary if diligently pursued by Tenant; or

(3) Tenant shall commit any act which will provide grounds for the entry of an order for relief under any Chapter of the United States Bankruptcy Code; or any proceedings under bankruptcy laws or other debtor relief for similar laws shall be instituted against Tenant and not dismissed within sixty (60) days after the date of such filing; or Tenant in any such proceedings is adjudicated to be bankrupt; or Tenant shall file or take advantage of any form or reorganization or arrangement under any bankruptcy law or other debtor relief for similar law or proceeding; or

(4) Tenant shall make a general assignment for the benefit of creditors; or

(5) Tenant shall abandon or vacate the Premises (it being agreed that absence from the Premises for thirty (30) consecutive days or the removal of substantially all of Tenant's possessions, except in the event of fire or other casualty damage, will create a conclusive presumption of abandonment); or

(6) Tenant is enjoined, restrained or in any way prevented by court order from conducting all or any material portion of its business.

(b) Landlord's Remedies. Landlord shall have the following remedies upon the occurrence of an Event of Default. These remedies are not exclusive; they are cumulative in addition to any remedies now or hereafter allowed by law or in equity:

(1) Landlord shall have the right to continue this Lease in full force and effect, and the Lease shall continue in effect as long as Landlord does not expressly terminate this Lease, and until such time Landlord shall have the right to collect all Rent when due. During any period in which Tenant shall be in default hereunder, having committed or permitted an Event of Default, Landlord shall have the right to enter the Premises and move the property of Tenant therefrom and relet the Premises, or portions thereof, without prior notice or demand, using such reasonable force as may be necessary, and as allowed by North Carolina law. Tenant shall be liable immediately to Landlord for all costs Landlord shall incur in such reletting, including, without limitation, broker's commissions, and expenses for remodeling required by the reletting, attorney fees and like costs. Reletting can be for a period shorter or longer than the remaining Term. During the period of reletting, Tenant shall pay to Landlord the Rent on the day that the Rent is due, less the rents Landlord receives from any reletting. No act by Landlord allowed by this Section shall terminate the Lease unless Landlord notifies Tenant in writing that Landlord elects to terminate this Lease.

(2) Landlord shall have the right to terminate this Lease without notice to vacate (any right to which is hereby waived by Tenant) and to possess the Premises at any time, and re-enter the Premises as described in subsection (1) hereinabove. No act by Landlord other than the giving of notice of termination to Tenant shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or portions thereof, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease, shall not constitute a termination of Landlord's right to possession. Upon termination, Landlord shall have the right to pursue its remedies at law or in equity to recover of Tenant all amounts of Rent then due or thereafter accruing together with such other damages as are caused by Tenant's default.

(3) Landlord may recover from Tenant and Tenant shall pay to Landlord, damages in an amount equal to the sum of: (i) the remainder, if any, of the Rent and other charges due from Tenant for the period up to and including the date of the termination of the Lease or the termination of Tenant's right to possession of the Premises, plus (ii) the present value, discounted at the rate of eight (8%) percent per annum, of the Rent reserved for what would have been the remainder of the Term, together with all Additional Rent and any other charges to be paid by Tenant hereunder.

(4) Nothing in this section shall affect or limit any right of indemnity to which Landlord is entitled under this Lease.

(5) Without limiting any other remedy of Landlord hereunder: (i) if any payment of Rent is not paid within five (5) days of the date due, Landlord shall be entitled to receive, and Tenant shall pay, a late payment fee of \$500.00, and (ii) if Landlord expends any funds in performing Tenant's obligations hereunder after Tenant's failure to so perform, Tenant, in addition to reimbursement of such amount to Landlord, shall also pay Landlord interest at the rate of twelve percent (12%) per annum until paid.

(c) Multiple Defaults. Should Tenant commit the same non-monetary default on two (2) or more occasions during any Lease Year, in addition to all other remedies available to Landlord, any notice requirements or cure periods otherwise set forth in this Lease with respect to the particular breach by Tenant shall not apply thereafter.

17. [Intentionally deleted.]

18. NOTICES. ALL NOTICES, DEMANDS AND REQUESTS WHICH MAY BE GIVEN OR WHICH ARE REQUIRED TO BE GIVEN BY EITHER PARTY TO THE OTHER MUST BE IN WRITING UNLESS OTHERWISE SPECIFIED. Notices, demands or requests shall be deemed to have been properly given for all purposes if (i) delivered against a written receipt of delivery, (ii) mailed by express mail of the United States Postal Service, return receipt requested, postage prepaid, or (iii) delivered to a nationally recognized overnight courier service for next business day delivery. Each such notice, demand or request shall be deemed to have been received upon the earlier of the actual receipt or refusal by the addressee or and the next business day after deposit thereof with the courier if sent pursuant to subsection (ii) or (iii) above. All notices shall be addressed as follows unless a party notifies the other of any change in address, which notification must be at least fifteen (15) days in advance of it being effective:

As to Landlord: The Arden Group, LLC
P.O. Box 5323
Winston-Salem, North Carolina 27113
Attention: Stuart Parks

As to Tenant: Piedmont Triad Regional Council
400 West Fourth Street, Suite 400
Winston-Salem, NC 27101
Attention: Executive Director

Notices may be given on behalf of either party by such party's legal counsel.

19. NO PARTNERSHIP OR JOINT VENTURE. The execution of this Lease or the performance of any act pursuant to the provisions hereof shall not be deemed or construed to have the effect of creating between Landlord and Tenant the relationship of principal and agent or of partnership or of joint venture and the relationship between them shall be that only of Landlord and Tenant. Tenant is not, may not become, and shall never represent itself to be an agent of

Landlord, and Tenant acknowledges that Landlord's title to the Premises is paramount, and that it can do nothing to affect or impair Landlord's title.

20. **ENTIRE UNDERSTANDING; AMENDMENT.** This instrument contains the entire understanding and agreement by and between the parties hereto with respect to the Lease of the Premises, notwithstanding any prior or contemporaneous oral or written agreements or instruments, and no amendment to this Lease shall be effective unless the same is in writing and signed by all of the parties hereto. The parties hereby expressly waive and shall not seek to enforce any provision of law which would allow any verbal termination, modification, or amendment to this Lease.

21. **PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS.** All rights and privileges provided for hereunder shall inure to the benefit of the personal representatives, successors and assigns of the parties hereto. All obligations herein provided shall be binding on the parties hereto, the personal representatives, successors and assigns.

22. **LAW APPLICABLE.** This Lease Agreement shall be construed and interpreted under and governed by the laws of the State of North Carolina.

23. **SURRENDER OF PREMISES.** Tenant will deliver up the Premises at the end of the Term or any holdover period in good order and condition, reasonable wear and tear, damage by casualty, and loss by condemnation excepted.

24. **HOLDING OVER.** If Tenant holds over after the expiration or other termination of this Lease, such holding over shall not be a renewal of this Lease but shall create a tenancy at will. Tenant shall continue to be bound by all of the terms and conditions of this Lease, except that during such tenancy at will Tenant shall pay to Landlord (i) Base Rent at the rate equal to one hundred twenty-five percent (125%) of that provided for as of the expiration or termination date, and (ii) any and all Additional Rent and other amounts due and payable under this Lease. The increased Rent during such holding over is intended to compensate Landlord partially for losses, damages and expenses, including frustrating and delaying Landlord's ability to secure a replacement tenant.

25. **RIGHT OF ENTRY.** The Tenant agrees that the Landlord shall have the right to enter, and to grant licenses to its agents, representatives, or subcontractors, to enter the Premises during regular business hours upon 48 hours prior notice to Tenant (received by Tenant's Executive Director): (a) to inspect the Premises, or (b) provided that the option described in Section 37 is not exercised by Tenant prior to the Rent Commencement Date, to show the Premises to a prospective purchaser or lender, or (c) within one hundred eighty (180) days prior to the expiration of this Lease, or at any time during the Term if Tenant is in Default of this Lease, to exhibit the Premises to prospective new tenants of the Premises, and that no such entry shall render the Landlord liable to any claim or cause of action for loss of or damage to the business or property of the Tenant, by reason thereof, nor in any manner affect the obligations and covenants of Tenant under this Lease.

26. **WAIVER.** The waiver by Landlord of any breach of any covenant or agreement herein contained shall not be deemed to be a waiver of such covenant or agreement or any subsequent breach of the same or any other covenant or agreement herein contained. The

subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any covenant or agreement of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such breach.

27. ESTOPPELS/SUBORDINATIONS.

(a) Within no more than fifteen (15) business days after written request by Landlord, Tenant will execute, acknowledge, and deliver to Landlord a certificate stating: (i) that this Lease is unmodified and in full force and effect, or, if the Lease is modified, the way in which it is modified accompanied by a copy of the modification agreement; (ii) the date to which Rent and other sums payable under this Lease have been paid; (iii) that no notice has been received by Tenant of any default that has not been cured, or, if such a default has not been cured, what Tenant intends to do in order to effect the cure, and when it will do so; (iv) that Tenant has accepted and occupied the Premises; (v) that Tenant has no claim or offset against Landlord, or, if it does, stating the circumstances that gave rise to the claim or offset; (vi) that Tenant is not aware of any prior assignment of this Lease by Landlord, or, if it is, stating the date of the assignment and assignee (if known to Tenant); and (vii) such other factual matters as may be reasonably requested by Landlord. Any certificate may be relied upon by any prospective purchaser of the Premises and any prospective mortgagee or beneficiary under any deed of trust or mortgage encumbering the Premises. If Landlord submits a completed certificate to Tenant, and Tenant fails to object to its contents within fifteen (15) business days after its receipt of the completed certificate, the matters stated in the certificate will conclusively be deemed to be correct.

(b) This Lease and Tenant's rights under this Lease are subject and subordinate to any mortgage, deed of trust, or other lien encumbrance or indenture, together with any renewals, extensions, modifications, consolidations, and replacements of them (each a "Superior Lien") that now or at any subsequent time affects the Premises or any interest of Landlord in the Premises or Landlord's interest in this Lease and the estate created by this Lease (except to the extent that the recorded instrument evidencing the Superior Lien expressly provides that this Lease is superior to the Superior Lien). This provision will be self-operative and no further instrument of subordination will be required in order to effect it. Nevertheless, Tenant will execute, acknowledge and deliver to Landlord, at any time and from time to time, upon demand by Landlord, commercially reasonable forms of documents requested by Landlord, any mortgagee, or any holder of a deed of trust or other instrument described in this subsection, to confirm or effect the subordination. If Tenant does not execute, acknowledge, and deliver any of those documents within fifteen (15) business days after written demand, Landlord, its successors and assigns will be entitled to execute, acknowledge, and deliver those documents on behalf of Tenant as Tenant's attorney-in-fact. Tenant constitutes and appoints Landlord, its successors and assigns, as Tenant's attorney-in-fact to execute, acknowledge, and deliver those documents on behalf of Tenant. Tenant agrees and acknowledges that the foregoing appointment of Landlord as Tenant's attorney-in-fact is coupled with an interest and that such appointment is therefore irrevocable.

28. BANKRUPTCY. If, pursuant to the insolvency laws (i.e., the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq., and any federal, state, foreign or other laws

of like impact), Tenant or a trustee of Tenant is permitted to, and elects to, assume or assume and assign this Lease:

(a) Tenant or the trustee shall as a condition to such assumption or assumption and assignment either cure all defaults under this Lease, or provide Landlord Adequate Assurance (as that phrase is defined in the Bankruptcy Code) that: (i) Tenant or the trustee shall cure all monetary defaults under this Lease within ten (10) days after the date of any such assumption; and (ii) Tenant or the trustee shall cure all non-monetary defaults under this Lease within thirty (30) days after the date of any such assumption.

(b) Tenant or the trustee shall as a condition to such assumption or assumption and assignment either compensate, or provide Adequate Assurance to Landlord that within ten (10) days from the date of any such assumption, Tenant or the trustee shall compensate Landlord for any pecuniary loss incurred by Landlord arising from any default under this Lease, including, but not limited to, Landlord's reasonable attorneys' fees and disbursements and any late charge applicable under this Lease, as recited in Landlord's written statement of pecuniary loss sent to Tenant or the trustee.

(c) In the case of an assumption, Tenant or the trustee shall as a condition to such assumption provide Landlord with Adequate Assurance of the future performance of the obligations of Tenant under this Lease, including, without limitation, Adequate Assurance of Tenant's or the trustee's ability to pay Rent.

(d) In the case of an assumption and assignment, such assignee shall as a condition to such assignment provide Landlord with Adequate Assurance of the future performance of the obligations of Tenant under this Lease, including, without limitation, Adequate Assurance of such assignee's ability to pay Rent.

(e) In the case of an assumption and assignment, any and all monies or other consideration payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Landlord (or shall be held in trust for the benefit of Landlord and be promptly paid or delivered to Landlord), shall be and remain the exclusive property of Landlord and shall not constitute property of Tenant or of the estate of Tenant within the meaning of the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq.

(f) In the case of an assumption, Tenant or the trustee, and in the case of an assumption and assignment, such assignee, shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such assumption or assumption and assignment. Tenant and any such trustee or assignee shall upon demand execute and deliver to Landlord an instrument confirming such assumption.

(g) The assumption of this Lease by Tenant or the trustee and the assumption and subsequent assignment of this Lease to the assignee is subject to all the provisions of this Lease, and Tenant, trustee or assignee will not breach any provision contained in this Lease or any other lease, mortgage, financing agreement, master agreement or other agreement relating to the Premises.

(h) Notwithstanding anything in the Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as Rent or other charges due hereunder shall constitute "rent" for the purpose of Section 502(b)(6) of the United States Bankruptcy Code and for the purpose of any similar Section of any other present or future insolvency laws.

29. ENVIRONMENTAL COMPLIANCE.

(a) **Tenant's Responsibility.** Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any hazardous substances or materials on or upon the Premises or any surrounding land owned by Landlord contrary to applicable law. Tenant shall not allow the storage or use of such substances or materials in any manner not sanctioned by law or in compliance with the highest standards prevailing in the industry for the storage and use of such substances or materials, nor allow to be brought onto the Premises any such materials or substances except to use in the ordinary course of Tenant's business, and then only after written notice is given to Landlord of the identity of such substances or materials. Tenant covenants and agrees that the Premises will at all times during its use or occupancy thereof be kept and maintained so as to comply with all now existing or hereafter enacted or issued statutes, laws, rules, ordinances, orders, permits, and regulations of all state, federal, local and other governmental and regulatory authorities, agencies and bodies applicable to the Premises, pertaining to environmental matters or regulating, prohibiting or otherwise having to do with asbestos and all other toxic, radioactive, or hazardous wastes or material including, but not limited to, the Federal Clean Air Act, the Federal Water Pollution Control Act, and the Comprehensive Environmental Response Compensation, and Liability Act of 1980, as from time to time amended (all hereinafter collectively called "Laws"). Tenant shall execute affidavits, representations and the like, from time to time, at Landlord's request, concerning Tenant's best knowledge and belief regarding the presence of hazardous substances or materials in the Premises.

(b) **Tenant's Liability.** Tenant shall hold Landlord free, harmless, and indemnified from any penalty, fine, claim, demand, liability, cost, or charge whatsoever which Landlord shall incur, or which Landlord would otherwise incur, by reason of Tenant's failure to comply with this Section 29 including, but not limited to: (i) the cost of bringing the Premises into compliance with all Laws and in a non-contaminated state, the same condition as prior to occupancy; (ii) the reasonable cost of all appropriate tests and examinations of the Premises to confirm that the Premises have been brought into compliance with all Laws; (iii) the reasonable fees and expenses of Landlord's attorneys, engineers, and consultants incurred by Landlord in enforcing and confirming compliance with this Section 29.

(c) For the purpose of this Section 29, the Premises shall include the real estate covered by this Lease; all improvements thereon; all personal property used in connection with the Premises (including that owned by Tenant); and the soil, ground water, and surface water of the Premises.

(d) **Inspections by Landlord.** Landlord and its engineers, technicians, and consultants (collectively the "Auditors") may, from time to time as Landlord deems appropriate, conduct periodic tests and examinations ("Audits") of the Premises to confirm and monitor Tenant's compliance with this Section 29. Such Audits shall be conducted in such a manner as



to minimize the interference with Tenant's Permitted Use; however in all cases, the Audits shall be of such nature and scope as shall be reasonably required by then existing technology to confirm Tenant's compliance with this Section 29. Tenant shall fully cooperate with Landlord and its Auditors in the conduct of such Audits. Notwithstanding the foregoing, Landlord may not conduct an Audit more than five (5) times during the Lease Term unless a material amount of hazardous substances are discovered within the Premises not permitted under applicable law.

(e) Landlord's Liability. The foregoing covenants and undertakings of Tenant contained in this Section 29 shall not apply to any condition or matter constituting a violation of any Law: (i) which existed prior to the commencement of Tenant's use or occupancy of the Premises; or (ii) to the extent such violation is caused by, or results from the acts or neglects of Landlord or Landlord's agents, employees, officers, partners, servants, or contractors.

(f) Tenant's Liability After Termination of Lease. The covenants contained in this Section 29 shall survive the expiration or earlier termination of this Lease and shall continue for so long as Landlord and its successors and assigns may be subject to any expense, liability, charge, penalty, or obligation against which Tenant has agreed to indemnify Landlord under this Section 29.

30. FORCE MAJEURE. Whenever a period of time is prescribed for the taking of any action by Landlord, Landlord shall not be liable or responsible for, and there shall be excluded from the computation of such period of time, any delays due to strikes, fire, earthquakes, floods, acts of nature, acts of any third party, governmental regulations, shortages of labor or materials, war, terrorist acts, governmental laws, regulations or restrictions, or any other cause whatsoever beyond the control of Landlord (all of which are sometimes referenced collectively in this Agreement as "Force Majeure").

31. INTENTIONALLY OMITTED.

32. SALE OF PREMISES. Subject to Tenant's rights under Section 37 below, Landlord may sell the Premises, or any portion thereof, without affecting the obligations of Tenant hereunder. Upon the sale of the Premises, or any portion thereof, Landlord shall be relieved of all responsibility for the Premises, or such portion thereof, and shall be released from any liability thereafter accruing under this Lease.

33. BROKERAGE COMMISSIONS. Each party represents and warrants to the other that it has not dealt with any real estate broker, finder or other person with respect to this Lease in any manner, except Triad Commercial Properties, LLC (the "Broker"). Landlord shall pay the Broker a commission pursuant to a separate agreement between Landlord and Broker. Each party shall indemnify and hold the other party harmless from any and all damages resulting from claims that may be asserted against the other party by any other broker, finder or other person (including, without limitation, any substitute or replacement broker claiming to have been engaged by indemnifying party in the future), claiming to have dealt with the indemnifying party in connection with this Lease or any amendment or extension hereto, or which may result in Tenant leasing other or enlarged space from Landlord. The provisions of this paragraph shall survive the termination of this Lease.

34. LIENS. Tenant shall have no power to do any act or make any contract that may create or be the foundation of any lien, mortgage or other encumbrance upon the reversionary or other estate of Landlord, or any interest of Landlord in the Premises. NO CONSTRUCTION LIENS OR OTHER LIENS FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED TO THE PREMISES SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN AND TO THE PREMISES. Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or on behalf of Tenant. Should any lien or claim of lien be filed against the Premises by reason of any act or omission of Tenant or any of Tenant's agents, employees, contractors or representatives, then Tenant shall cause the same to be canceled and discharged of record by bond or otherwise within thirty (30) days after the filing thereof. Should Tenant fail to discharge the lien within thirty (30) days, then Landlord may discharge the lien. The amount paid by Landlord to discharge the lien (whether directly or by bond), plus all administrative and legal costs incurred by Landlord, shall be Additional Rent payable on demand. The remedies provided herein shall be in addition to all other remedies available to Landlord under this Lease or otherwise.

35. LIMITATION OF DAMAGES AND LIABILITY. Notwithstanding any other provisions in this Lease, Landlord shall not be liable to Tenant for any special, consequential, incidental or punitive damages.

36. INTENTIONALLY OMITTED.

37. OPTION TO PURCHASE PREMISES. Tenant shall have an option to purchase the Premises at all times during the Term of this Lease upon the terms and conditions set forth in Lease Addendum Number Two attached hereto and incorporated herein by reference.

38. EARLY TERMINATION. Within ten (10) business days of the Effective Date, Landlord shall provide Tenant with all documents, studies, and reports related to the development of the Premises as contemplated by this Lease in Landlord's possession (or in the possession of consultants retained by Landlord), including without limitation, all environmental reports, all existing surveys, all existing title insurance policies, and all soil reports, inspection reports and other similar information (collectively, the "Due Diligence Information"). After review of such materials and other investigations, Tenant may, at any time within thirty (30) days after receipt of the Due Diligence Information from Landlord, terminate this Lease for any reason upon written notice to Landlord. Upon such termination notice, this Lease shall terminate, Tenant shall have no further obligation hereunder and Tenant shall receive a full refund of all of the Earnest Money and the Option Money.

39. SIGNAGE. (a) As a part of the Tenant Improvements described in Lease Addendum Number One, Landlord shall provide ground monument signage for the Building at its sole cost and expense but subject to the prior approval of Tenant (which shall not be unreasonably withheld provided such ground monument signage is consistent with the planned Exterior Signage (defined below)). (b) Subject to the prior approval of Landlord, not to be unreasonably withheld, conditioned or delayed provided Tenant's signage is consistent with the overall signage planned for or used in the Development, Tenant shall have the right to install signage upon the exterior of the Premises (the "Exterior Signage") at its sole cost and expense, subject at all times to all applicable governmental laws, rules, regulations, and ordinances, and to the Declaration. As a part of the Tenant Improvements described in Lease Addendum Number



One, Landlord shall provide all electrical wiring and other infrastructure needed to attach the Exterior Signage to the Building. (c) Furthermore, Tenant shall have the right, without the prior written consent of Landlord (which shall not be unreasonably withheld, conditioned or delayed), to install any permanent or temporary signs, advertising material, lettering or graphics (the "Interior Signs") in the interior of the Building, provided the Interior Signs are not visible from outside the Premises, subject at all times to all applicable governmental laws, rules, regulations, and ordinances, and to the Declaration. All Interior Signs shall be professionally designed, manufactured and installed. (d) Tenant will comply with such regulations as may from time to time be promulgated by Landlord governing signs, advertising material, or lettering of all tenants in the Development; however, Tenant will not be required to change any sign or lettering that was in compliance with applicable regulations at the time it was installed or placed in, on, or about the Premises. Any signage that is included in the Plans for the Premises (as described in Lease Addendum Number One) shall be deemed to comply with this Section 39.

40. INTENTIONALLY OMITTED.

41. MISCELLANEOUS.

(a) For all terminology in this Lease, the singular shall include the plural, and the masculine, feminine or neuter includes the other.

(b) Headings of sections are for convenience only and shall not be considered in construing the meaning of the contents of such section.

(c) The invalidity of any portion of this Lease shall not invalidate the remaining portions of the Lease.

(d) This Lease may not be recorded without Landlord's prior written consent, but Tenant and Landlord agree, upon the request of the other party, to execute a memorandum hereof for recording purposes at the sole cost and expense of the party so requesting.

(e) The delivery of a key or other such tender of possession of the Premises to Landlord or to an employee of Landlord shall not operate as a termination of this Lease or a surrender of the Premises unless requested in writing by Landlord.

(f) Should either party prevail in any legal proceedings against the other for breach of any provision in this Lease, then the non-prevailing party shall be liable for the costs and expenses of the prevailing party, including its reasonable attorneys' fees at all tribunal levels.

(g) Tenant represents and warrants (i) that Tenant is duly organized, validly existing and in good standing under the laws of the State of North Carolina, and all action required by Tenant's board of directors to effectuate this transaction has been taken, (ii) that Tenant has full right, power and authority necessary to enter into this Agreement and to carry out its obligations as set forth hereunder, (iii) that the consummation of the transaction contemplated herein does not and will not conflict with the provisions of any operating agreement or articles of organization, and (iv) no action by any federal, state, municipal or other governmental

department, commission, board, bureau or instrumentality is necessary to make this Lease binding upon Tenant in accordance with its terms.

(h) Landlord hereby represents and warrants to Tenant that, as of the Effective Date: (i) Landlord is (or will become on or before the Rent Commencement Date) the fee simple owner of the Premises (including the Land); (ii) Landlord has full right and authority to enter into this Lease; (iii) no consents or approvals are required from any other parties for Landlord to enter into this Lease, including, without limitation, any lender of Landlord; (iv) the Premises are zoned (or will be zoned on or before the Rent Commencement Date) in a manner permitting Tenant to use the Premises for the intended use; (v) the Premises and all facilities located in and/or serving the Premises are in good condition and repair, and Landlord is not aware of any defects in any portion of the Premises; and (vi) to Landlord's knowledge, the Premises is in compliance with all applicable laws, codes, rules, regulations, ordinances, orders and insurance requirements.

(i) Time is of the essence in regards to all provisions of this Lease.

(j) The submission of this Lease to Tenant for review does not constitute a reservation of or option for the Premises, and this Lease shall become effective as a contract only upon the execution and delivery by both Landlord and Tenant. The date of execution shall be entered on the top of the first page of this Lease by Landlord, and shall be the date on which the last party signed the Lease, or as otherwise may be specifically agreed by both parties. Such date, once inserted, shall be established as the final day of ratification by all parties to this Lease, and shall be the date for use throughout this Lease as the "Effective Date".

(k) Landlord and Tenant shall execute and file in the appropriate public real estate records a short form or memorandum of this Lease with the Forsyth County Register of Deeds, but neither party shall record this Lease in its entirety.

42. ADDENDA AND EXHIBITS. If any addenda or exhibits are noted below, such addenda and exhibits are incorporated herein and made a part of this Lease.

Exhibit A - Legal Description
Lease Addendum Number One – Workletter
Lease Addendum Number Two – Option to Purchase

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have signed and sealed this Lease the day and year first written above.

LANDLORD:

THE ARDEN GROUP, LLC

By: _____ (SEAL)
Name: _____
Title: _____
Date: _____

TENANT:

PIEDMONT TRIAD REGIONAL COUNCIL

By: _____ (SEAL)
Name: _____
Title: _____
Date: _____

EXHIBIT A

LAND DESCRIPTION

Approximately 1.84 acres of land bounded on the north by Crews Farm Road (S.R. 2852) and on the east by Carrollton Crossing Drive (private) in Kernersville, Forsyth County, North Carolina, generally as shown on the Site Plan attached hereto.

Exhibit A continued
(attached)

LEASE ADDENDUM NUMBER ONE [WORKLETTER]

This Lease Addendum Number One (the "Workletter") shall set forth the rights and obligations of Landlord and Tenant with respect to space planning, engineering, final workshop drawings, and the construction and installation of the Building and all other improvements to the Premises (including the Building) (collectively the "Tenant Improvements").

In consideration of the mutual covenants hereinafter contained, Landlord and Tenant do mutually agree to the following:

1. **Planning, Design and Working Drawings.** Landlord shall provide and designate architects, engineers and space planners as deemed necessary by Landlord and Tenant for the construction of the Tenant Improvements, who will do the following:

a. Provide and complete construction drawings for the Building construction and finish schedule in accordance with the site plan and Building plan that has already been approved by the parties.

b. Provide and complete "design-build" mechanical plans (for installation of air conditioning system and ductwork, and heating facilities), plumbing plans, and electrical plans, generally in accordance with the scope narrative attached hereto as Exhibit 1 and incorporated herein by reference.

c. Any changes or modifications Tenant desires to make to the plans and working drawings for the construction and completion of the Tenant Improvements (the "Plans") shall be subject to Landlord's prior approval. Landlord agrees that it will not unreasonably withhold its approval of any changes or modifications to the Plans; provided, however, Landlord shall have sole and absolute discretion to approve or disapprove any changes or modifications to the Plans that will (i) cause an increase in the costs of constructing the Building or any improvements on the Premises, or (ii) be visible to the exterior of the Building, or which may affect the structural integrity of the Building. Any approval of changes or modifications to the Plans by Landlord shall not constitute approval of any Delays (as defined in Section 4(b) below) and shall not be deemed a waiver of any rights or remedies that may arise as a result of such Delays. Landlord may condition its approval of the Plans upon an extension of the Anticipated Completion Date if such Plans, as modified, require a change in design or materials for the Building or other improvements to the Premises.

2. Except as otherwise set forth herein, Landlord shall be responsible for all costs and expenses related to the acquisition of the Land, all site preparation work, design and development costs, and for the construction of the Tenant Improvements as specified in the Plans. Tenant agrees and acknowledges that Landlord is not providing any interior design services, off-site improvements (if required by governmental authorities), or any other work or materials that is not specified in the Plans. To the extent not specified in the Plans, Landlord shall supply and install materials, fixtures, and finishes in the Building in Landlord's reasonable discretion, and otherwise in conformity with the items described in Exhibit 2 attached hereto and incorporated herein by reference. Tenant shall select the style, color, and/or design of all interior floor coverings and finishes, and wall and trim paint colors and finishes from the choices provided by Landlord; provided, however, Tenant shall be solely responsible for the cost of any



of the foregoing items which are in excess of the amounts allocated to such items in Exhibit 2 (the "Excess Costs").

3. **Change Orders; Payment of Costs.** Landlord and Tenant acknowledge that Base Rent (as defined in Section 3(a) of the Lease) was determined and agreed upon by Landlord and Tenant based upon the preliminary architectural and structural plans (dated _____, prepared by _____, Job number _____), and site plans (dated 7/3/2012, updated and revised 7/11/2012 and 8/13/2012, prepared by Gupton & Webb, P.A., Project number 12529-12D), previously reviewed and approved by the parties, and no allowances for any off-site improvements that may be required by governmental authorities have been included. Tenant shall not have the right to demand changes or modifications to the Plans during the construction of the Tenant Improvements (a "Change Order") which will cause an increase in costs of construction unless Tenant agrees to either (i) pay the full amount of the increase in costs resulting from the Change Order, or (ii) agrees to an amendment to the Lease to increase the Base Rent by an amount that is commensurate with the increased costs resulting from the Change Order. All Change Orders must be in writing and signed by both Landlord and Tenant. Furthermore, Tenant shall be responsible for the costs of any off-site improvements (up to a maximum amount of \$150,000.00) that may be required by governmental authorities as a result of the development of the Premises for Tenant's use (the "Off-Site Improvements"); provided further that Landlord shall reimburse Tenant on a pro-rata basis for the cost of the Off-Site improvements to the extent that Landlord develops or conveys an adjacent property tract after the Effective Date which benefits from the Off-Site Improvements (which shall be a continuing obligation of Landlord during the Lease Term). Landlord's construction schedule and cost estimates were determined based on a construction start date that was at least four weeks prior to the Effective Date of the Lease; therefore Tenant agrees that, in the event there are any delays in construction of the Building or other improvements to the Premises caused by adverse winter weather, Tenant will execute Change Orders for general conditions (at the rate of \$8,625.00 per week) prorated for each day of the delay up to a maximum of four (4) weeks. Tenant shall pay to Landlord from time to time, within thirty (30) days after receipt of Landlord's invoice therefor, the amount of all costs related to any Change Order, the amount of any Excess Costs incurred with respect to the Tenant Improvements, and the costs (if any) incurred by Landlord for the construction and installation of any off-site improvements.

4. Substantial Completion

a. The Premises shall be deemed to be substantially complete when the work to be performed by Landlord's contractor pursuant to the Plans has been completed in accordance with the Plans and approved by the appropriate governmental authorities as evidenced by receipt of a certificate of occupancy, except for items of work and adjustment of equipment and fixtures that can be completed after the Premises are occupied without causing material interference with Tenant's use of the Premises (i.e., "punch list items"). The punch list items will be corrected or completed within thirty (30) days after issuance of the certificate of occupancy.

b. Notwithstanding the foregoing, if substantial completion of the Premises is delayed as a result of:

- (i) Tenant's changes in the Tenant Improvements or the Plans therefor (notwithstanding Landlord's approval of any such changes); or
- (ii) Tenant's request for changes in or modifications to the Plans; or
- (iii) Inability to obtain non-standard materials, finishes or installations requested by Tenant; or
- (iv) The performance of any work by any person, firm or corporation employed or retained by Tenant; or
- (v) Any other act or omission by Tenant or its agents, representatives, and/or employees that actually causes a delay;

(each or any of the foregoing items (i) through (v) being a "Delay") then, in any such event, for purposes of determining the Rent Commencement Date, the Premises shall be deemed to have been substantially completed on the date that Landlord's architect determines that the Premises would have been substantially completed if such Delay or Delays had not occurred.

5. **Materials and Workmanship; Indemnity.** Landlord represents and warrants to Tenant that the construction of the Tenant Improvements shall be (a) undertaken promptly and diligently and performed in a good and workmanlike manner; (b) constructed in accordance with all the applicable laws, regulations, ordinances, statutes and insurance requirements and in accordance with the requirements of all regulating authorities and any rating or inspection organization, bureau or association having jurisdiction over the Premises and/or the Tenant Improvements; (c) free from any mechanics' or materialmen's liens; (d) constructed using all new materials and shall not contain asbestos or other hazardous substances; and (e) undertaken and completed by skilled laborers in a professional and workmanlike manner. Subject to the provisions of Section 9 of the Lease, Landlord shall indemnify, defend and hold Tenant and Tenant's officers, directors, agents, representatives, affiliates, successors and assigns harmless from and against all suits, actions, damages, liabilities and expenses (including reasonable attorneys' fees and court costs) arising from any negligent act or omission of Landlord or Landlord's agents, employees, contractors and subcontractors or their respective agents and employees in the performance of the Tenant Improvements. On the Rent Commencement Date, Landlord shall provide Tenant with a one year warranty for the Tenant Improvements for defects in material or workmanship. Also on the Rent Commencement Date, Landlord shall assign to Tenant all warranties it has received from contractors, workmen, suppliers and vendors in connection with the construction of the Tenant Improvements and/or the Premises and shall deliver all operating manuals to Tenant, for those materials, improvements or equipment which Tenant is obligated to maintain, if any, under the Lease. If Landlord is unable to assign any such warranty, it shall use its best efforts to enforce such warranty on Tenant's behalf.

6. **Repairs and Corrections.** Tenant agrees to repair and correct any work or materials installed by Tenant in the Premises that prove defective as a result of faulty materials, equipment, or workmanship, or which are damaged by Tenant or its agents. Notwithstanding the foregoing, Tenant shall not be responsible to repair or correct any defective work or

materials installed by Landlord or any work or materials that prove defective as a result of any act or omission of Landlord or any of its employees, agents, servants, or contractors.

7. Possession by Tenant. Prior to delivery of possession of the Premises to Tenant, representatives of Landlord and Tenant shall inspect the Premises and shall jointly develop a list of any defects or incomplete portions of the Tenant Improvements ("Punchlist"). Possession of the Premises shall not be delivered to Tenant until the Punchlist is developed and agreed upon by the parties. Landlord shall cause the Landlord's contractor to complete and/or correct all Punchlist items within thirty (30) days after the Punchlist is agreed upon. The taking of possession of the Premises by Tenant shall constitute an acknowledgment by Tenant that the Premises are in good condition and that all work and materials provided by Landlord are satisfactory as of such date of occupancy, except with respect to the Punchlist, and except for any equipment that is used seasonally if Tenant takes possession of the Premises during a season when such equipment is not in use.

Exhibit 1

Scope Narrative – Mechanical, Plumbing, Electrical

Electrical Systems Narrative

General Description

The facility will be a new 2-story office building of approximately 25,000 square feet. The Electrical Contractor will provide all materials and labor to design and install the work indicated below. Not every detail of the work has been identified; the following descriptions serve to establish the general scope of the Electrical work and levels of quality expected. The descriptions are divided into "Shell Building" and "Upfit" sections. These sections describe work to be included in the Base Bid for each section. (Although the construction will be performed as a singular project, separate pricing is required for the "shell building" and "upfit" portions.) In addition, a section of "Bid Alternates" is included which enumerates alternates to certain sections of the Base Bid work.

Certain portions of the work described below require the Electrical Contractor to submit unit prices. Such unit prices shall include the cost of the item, all required appurtenances, and complete installation of said item. Throughout the descriptions below, allowances are included for certain items. These allowances are intended to include the cost of the item, as well as installation of the item.

The Electrical Contractor shall provide, at the time of bid submission, submittals (catalog cut sheets) for major pieces of the electrical work, specifically lighting fixtures, switchgear, UPS, and standby generator.

All electrical work must comply with applicable sections of current Codes, with the absolute minimum requirement being compliance with the National Electrical Code. The Electrical Contractor is responsible for providing the necessary Permit Drawings, sealed by a Professional Engineer licensed to practice in the state of North Carolina.

Refer to the Architectural floor and reflected ceiling plans, as well as to the narratives of other trades, for additional information and to coordinate with the requirements of those documents.

Shell Building (Base Bid)

Electrical Distribution

Power to the building will derive from a utility-owned padmount transformer, with the secondary service at 208/120 volt, 3-phase/4-wire. The estimated size of the utility transformer is 300 kVA. The Contractor shall provide a concrete equipment pad for the utility-owned transformer per the utility's requirements. Service conductors will run underground from the padmount transformer and terminate at a Main Distribution Panel (MDP) in the First Floor Electrical Room. The MDP will contain a 1200 A Main Circuit Breaker and will be rated for use

as Service Equipment, with an AIC rating of 65,000. Provide grounding/bonding between the Service Equipment and the building steel and underground metallic water line as required by Code.

Feeder breakers in the MDP will serve panels located in the First and Second Floor Electrical Rooms. On the First Floor, provide (2) 225 Amp MLO panels for lighting, receptacles, and HVAC loads. On the Second Floor, provide (2) 225 Amp MLO panels for lighting, receptacle, and HVAC loads and (1) 600 Amp panel for the Roof Top Units. All panels shall have copper bussing and bolt-on circuit breakers.

All raceways shall include a separate equipment grounding conductor. The electrical metallic tubing (EMT) raceway system shall not be relied upon for ground continuity. All conductors shall be copper and shall be installed in conduit, except conductors #1 AWG and larger shall be permitted to be aluminum where permitted by the NEC; as an alternative, type "MC" cable shall be permitted in concealed spaces where permitted by the NEC. Multi-wire branch circuits will not be permitted.

Power

All wiring devices shall be specification grade; no residential grade devices shall be used. Provide nylon coverplates for all devices, except galvanized steel coverplates shall be used for surface mounted boxes in unfinished areas. All receptacles shall be 5-20R types. Provide receptacles in the electrical rooms, the elevator machine room, the elevator pit, the restrooms, near the mechanical equipment on the roof, and along the exterior perimeter of the building. (Assume 14 receptacles around the exterior perimeter of the building.) Receptacles shall be GFCI types where required. Provide "in-use" wet location rated covers for all exterior receptacles.

Provide circuits for all equipment included in Shell Building work, specifically including the elevator and HVAC equipment. The major pieces of HVAC equipment are one 35T RTU (110A circuit), one 30T RTU (90A circuit), eight fan-powered boxes, mini-split system for the elevator equipment room, and bathroom exhaust system. The RTU's will be served from the panel on the second floor (mentioned above). (Refer to mechanical narrative.) All disconnect switches shall be Heavy Duty grade.

Lighting

Provide strip lights with (2) 28W/T5 fluorescent lamps and electronic ballasts in electrical rooms and the elevator equipment room. Provide wall mounted "jelly jar" compact fluorescent fixtures for the elevator pit. Provide wall mounted fluorescent fixtures (4' wall bracket type) with integral emergency battery packs in the stairwells. Provide compact fluorescent downlights in the restrooms. Provide appropriate lighting for other finished spaces not specifically identified above but included in the Shell Building work.

Selected general lighting fixtures shall be unswitched and will be utilized as "nightlights." Exit fixtures shall be polycarbonate LED-type, with integral emergency battery packs. Wall-mounted emergency lighting units with integral battery packs will be used for egress lighting.

Building mounted exterior lighting will consist of architectural wall brackets at exterior doors. Parking lot lighting will be leased from the local electrical utility.

Interior lighting shall be controlled by local wallbox-type PIR occupancy sensors, except PIR/ultrasonic ceiling mounted sensors shall be used in restrooms. Lighting in stairwells shall include integral emergency ballasts and shall be unswitched. Exterior lighting shall be controlled with a system utilizing photocells and timeswitches.

Voice/Data

The contractor shall coordinate with the local telephone service provider to provide telephone service to the building. The contractor shall provide (2) 4" conduits from the IT Room on the Second Floor to the telephone company service point; assume a length of 100' outside the building. These conduits shall be EMT inside the building and shall run underground in PVC below the slab and outside the building. The contractor shall include a system of empty outlet boxes and conduit stubbed out above accessible ceiling spaces for the Owner's voice/data cabling. Provide pull strings in all empty conduits. The voice/data cabling and equipment shall be provided under a separate contract.

Provide a grounding bar and plywood at the telephone demarcation point. Bond the grounding bar to a lug on the exterior of the MDP with a #6 AWG copper conductor.

Fire Alarm

The fire alarm control panel will be an addressable system allowing supervisory monitoring for individual devices in the system (bells, horns, strobes, heat detectors, duct-mounted smoke detectors, smoke detectors, and other fire alarm devices). Provide all devices and cabling as required by Code and for a complete and functional system. Provide sufficient capacity to allow expansion of the system to accommodate the devices required for the Upfit work.

Provide a graphic annunciator (remote fire alarm monitoring panel) at the main entrance to the building.

Provide a Digital Alarm Communication Transmitter circuit from the fire alarm control panel to notify the Owner's remote monitoring station of an alarm condition.

Upfit

Electrical Distribution

All raceways shall include a separate equipment grounding conductor. The electrical metallic tubing (EMT) raceway system shall not be relied upon for ground continuity. All conductors shall be copper and shall be installed in conduit, except conductors #1 AWG and larger shall be permitted to be aluminum where permitted by the NEC; as an alternative, type "MC" cable shall be permitted in concealed spaces where permitted by the NEC. Multi-wire branch circuits shall not be permitted.

Power

Provide branch circuiting as required for receptacles and equipment included as part of the Upfit work. "Typical" office receptacle loads are anticipated throughout the building. Include at least two duplex receptacles in each office. Additional receptacles may be required in some areas. Provide receptacles as required for break rooms, vending, catering, work rooms, etc. Assume a total of 270 duplex receptacles in the building for the upfit work. Provide (6) floor boxes in the Board/Banquet Room.

Provide branch circuits as required for the Owner's IT equipment in the two IT Rooms. Assume a \$2,000 allowance for the branch circuits.

Provide power for additional HVAC and plumbing equipment as part of the upfit work. Refer to the mechanical design narrative for additional information.

Lighting

The primary source of lighting for the office spaces will be 2x4 recessed 18-cell parabolic fixtures with (3) 28W/T5 lamps and electronic ballasts. Selected areas will have recessed indirect fixtures (similar to Lithonia "Avante") with (2) 28W/T5 lamps and electronic ballasts. (Refer to Architectural reflected ceiling plans.) Conference and meeting rooms will utilize a combination of pendant, recessed, and downlight fixtures to allow for variable lighting schemes. Include an allowance of \$1,500 for each pendant fixture in the Board/Banquet Room. (Refer to the Architectural reflected ceiling plans.) Compact fluorescent downlights will be used in corridors.

Selected general lighting fixtures shall be unswitched and will be utilized as "nightlights." Exit fixtures shall be polycarbonate LED-type, with integral emergency battery packs. Wall-mounted emergency lighting units with integral battery packs will be used for egress lighting.

Provide lighting for a building-mounted sign, controlled by the exterior lighting control system.

Interior lighting shall be controlled by local wallbox type PIR occupancy sensors, except PIR/ultrasonic ceiling mounted sensors shall be used in conjunction with wall switches in



open/common areas (i.e.: Board Room, Break Out Room, Conference Rooms). Specify the number of each type of occupancy sensor included in the bid. Provide a lighting control system in the Board Room to be integrated with and controlled by the AV control system to provide appropriate lighting levels for various functions.

Voice/Data

The contractor shall include a system of empty outlet boxes and conduit stubbed out above accessible ceiling spaces for the Owner's voice/data cabling. Assume a total of 92 voice/data outlets for the Upfit work. Provide pull strings in all empty conduits. The voice/data cabling and equipment shall be provided under a separate contract. Provide cable tray in each of the two IT Rooms. Provide sleeves and fire-proofing between the two IT Rooms and from each IT Room through the wall into the above ceiling spaces of the adjacent corridors.

Fire Alarm

Provide all devices and cabling for the Upfit work as required by Code and for a complete and functional system.

Security/AV/IT

These systems will be provided under separate contracts. Coordinate with the suppliers/installers of these systems to provide power for equipment and raceways for cabling. The security system will include proximity card readers on exterior doors and interior and exterior cameras. The AV system will include projectors, flat screen monitors, sound reinforcement, or other such systems as typically found in office/conference facilities. The IT systems will include cabling, WiFi and equipment as typically found in office/conference facilities.

Bid Alternates

Generator/UPS

Provide a 50 kW (nominal) natural gas generator set with weather housing and critical silencer, and including concrete equipment pad, battery charger, and other required equipment. Locate generator set in general location of utility transformer. Generator set shall feed a Service Rated disconnect switch inside the building which, in turn will feed an Automatic Transfer Switch (ATS). The "normal power" side of the ATS shall be fed from the MDP.

Provide a 225 Amp MLO panel in the Second Floor IT Room, fed directly from the ATS mentioned above. This panel shall be used to feed UPS and HVAC equipment in the IT Rooms.

Provide a 15 kW (nominal) UPS with 15 minute (nominal) battery capacity. UPS shall include a panelboard distribution section with branch circuit breakers for the Owner's IT equipment. The

UPS shall be located in the Second Floor IT Room and shall be fed directly from the 225 Amp panel mentioned above.

Provide a circuit from the 225 Amp panel mentioned above for the Owner's relocated UPS unit in the First Floor IT Room.

Provide circuits from the 225 Amp panel mentioned above for the HVAC equipment associated with the IT Rooms.

Electric Vehicle Charging Bollard

Include an allowance of \$2,000 for a single EV Charging Bollard to be located at the parking spaces at the northeast corner of the building as shown on the preliminary site plan. Provide a power circuit as required from a panel in the First Floor Electrical Room.

Landscape Lighting

Landscape lighting will be used in planting areas; pricing shall include fifteen landscape lighting fixtures.

Unit Pricing

Provide unit pricing for the following:

1. Landscape lighting fixture.
2. Each interior lighting fixture type.
3. Each occupancy sensor type.
4. Voice/data outlet (and stub-up).
5. Duplex receptacle (and branch circuit).

End of Electrical Narrative

MECHANICAL AND PLUMBING NARRATIVE

HVAC General

The design and installation of the HVAC systems for a new 2 story office building of approximately 25,000 square feet will incorporate the elements required by code and the following scope. The HVAC work includes the design and installation to accomplish occupant comfort, indoor air quality, acceptable noise levels, energy efficiency, reliable operation, and ease of maintenance.

The Project will be done as one project.

Outdoor Temperature Design Criteria

Location: Greensboro, North Carolina

	Dry Bulb	Wet Bulb
	Temperature	Temperature
Summer	91°F	78°F
Winter	18°F	-

Indoor Space Temperature and Humidity Design Criteria

The following inside design temperature (°F Dry Bulb) and humidity (% Relative Humidity) conditions will be used for all areas.

	Cooling	Cooling	Heating	Heating
	Temperature	Humidity	Temperature	Humidity
Occupied	75°F	30 - 60%	68°F	--
Unoccupied	80°F	--	60°F	--

Ventilation Design Criteria

All areas will be ventilated per ASHRAE 62.1-2007 requirements or local code, whichever is more stringent. Supply air quantities will be based upon cooling loads, and minimum dilution and ventilation requirements.

Cooling Systems

The building primary cooling system will be served by two roof top units designed for variable air volume terminal units with electric reheat. Two roof top units (RTUs) with Enthalpy heat wheel units for energy recovery will be provided between the outdoor air and relief air. EER shall be 10 or greater.

VAV units will be parallel fan powered units utilizing plenum return air. The first call for heat will be to circulate plenum air. VAV units will not be allowed above perimeter office ceilings – units will be located over interior ceilings to provide further noise and energy benefits.

DDC system will provide scheduling and supply air temp or fan speed reset for energy savings.

The server room(s) and elevator machine room (if required) will be provided with a dedicated, direct expansion, ductless, split system air conditioner capable of year-round operation, down to -0°F. Server room may require humidification system.

The server room(s) will also have an energy saving transfer air system. Exhaust fan with line voltage thermostat control will exhaust air from the server room into the plenum and conditioned air from the corridor will come in under the door or through a transfer grill. Split system will only come on when temperature exceeds 85F adjustable. Use 300 cfm at 0.25"wg for base bid.

See Mechanical Drawing M1.00 for base bid VAV zoning arrangement. Roof top units are above bathrooms.

Heating Systems

Roof top units will use gas for morning warm up. No electric heat will be used during unoccupied hours. Tennant will be able to override unoccupied settings from zone sensor.

Gas piping is provided by HVAC contractor.

Duct will be wrapped. All offices will have lined sound traps on return grills (plenum return system.) Louver face grills will be used.

Ventilation Systems

Exhaust systems and ductwork will be provided for the toilet rooms, the first floor breakroom oven area, the shower and the catering kitchen oven area. These are residential ovens and do not require exhaust – Customer desires exhaust for IAQ improvement. General return air will be exhausted through the energy recovery units as required for outdoor air make-up.

Outside air will be controlled by CO2 demand ventilation.

Bid Pricing

Price should be broken out as follows:

Price No. 1 - RTUs and Medium Pressure Duct and fan powered parallel VAV boxes with electric heat and control system.

Price No. 2 – Elevator Mini-split complete

Price No. 3 – Bathroom Exhaust Systems complete

Price No. 4 – IT room HVAC system(s) complete

Price No. 5 – Breakroom, Assembly Area Kitchen, and Shower exhaust systems

VAV additional unit cost add – deduct for reduced number of units

Plumbing

The design and installation of the Plumbing systems for a new 2 story office building of approximately 25,000 square feet will incorporate the elements required by code and the following scope. The Plumbing work includes the design and installation to accomplish water savings, efficient and reliable operation, and ease of maintenance.

The Project will be done as one project.

Site

The site subcontractor will bring the domestic water and sewer within 5 feet of the building. It is the responsibility of the plumbing contractor to extend the water line and the sewer line into the building, including all sleeve requirements. The plumbing contractor will provide a cleanout located at the exterior of the building at the point of connection.

Back flow preventor will be by utilities contractor in an elevated Hot Box.

Building

The work includes all water and waste lines, waste venting, and roof top or wall pipe flashing, all fixtures and faucets and sinks and drains, exterior water valves, water heater, floor drains, PRV, shock resistors, leads and shutoffs, caulking at sinks and water closets.

Specify piping types in bid. Piping should be approved for Plenum Return air distribution.

All sink and water closet leads will include shut offs.

ADA shower – roll in above floor with grab bars – complete.

Floor drains and trap primers for bathrooms.

Bathroom sink fixtures shall be battery powered automatic with premix water temperature control valves. Provide sink and fixture cut sheets with bid.

Water Closet shall be floor mounted with manual flush valve. Provide cut sheets of water closet and valve.

The water system piping will be insulated.

Isolation valves will be provided at all riser connections.

Roof will be drained by gravity through internal roof leaders to a point 5' outside the building. Overflow roof drainage will be accomplished through overflow roof drains and piping that discharges through the building wall to daylight. Insulate all roof drain piping inside the building.

Gas piping is by HVAC contractor.

Domestic hot water for bathrooms will be produced by a single electric water heater located above the ceiling. Hot water for break room and catering kitchen will be by instant water heater.

All exposed faucets, traps, fittings/trim shall be chromium plated brass.

All stainless steel sinks shall be 18 gauge Type 302 stainless steel.

Wall hung electric water coolers shall be GreenSpec listed, wall mounted, dual height.

Provide six (6) wall hydrants for the building exterior - 2 on each long side and 1 on each short side.

Bid Pricing

Price should be broken out as follows:

Price No. 1 – Roof drains, wall hydrants and bathrooms complete.

Price No. 2 – Breakrooms, Catering kitchen

Price No. 3 – Shower

End of Mechanical and Plumbing Narrative

Exhibit 2

Above-Standard and Tenant Selected Finish Improvements

(to be attached)

LEASE ADDENDUM NUMBER TWO [OPTION TO PURCHASE PREMISES]

Tenant shall have the option to purchase the Premises in accordance with the provisions set forth in this Lease Addendum Number Two (the "Option").

For and in consideration of the obligations and rights of the parties under the Lease, Landlord hereby gives, grants and conveys unto Tenant, for a period of time hereinafter set forth, an option to purchase the Premises as described in the Lease. For purposes of this Option, Tenant shall be referred to as "Purchaser" and Landlord shall be referred to as "Seller". All other capitalized terms used herein shall have the respective meaning ascribed to them in the Lease unless the context requires otherwise.

The terms and conditions of this Option are as follows:

1. **DURATION.** The term of this Option (the "Option Term") shall commence with the full execution of the Lease and expire at 11:59 p.m. on the last day of the tenth (10th) Lease Year of the Term of the Lease.

2. **CONSIDERATION.** The consideration for this option shall be the sum of Ten Thousand and No/100 Dollars (\$10,000.00) ("Option Money") which has been paid by Purchaser to Seller simultaneously with the execution of the Lease, the receipt of which is hereby acknowledged by the Seller. The Option Money shall be non-refundable to Purchaser unless the Lease is terminated in accordance with Section 38 thereof. In the event Purchaser exercises its option to purchase the Premises, the Option Money shall be applied to the purchase price of the Premises upon the closing thereof.

3. **EXERCISE OF OPTION TO PURCHASE.** Purchaser may exercise its option to purchase the Premises granted hereunder by giving Seller written notice of Purchaser's exercise of such option (the "Notice of Exercise"), at any time within the Option Term. The Notice of Exercise shall be delivered to Seller in accordance with the notice provisions of the Lease. Notwithstanding Purchaser's exercise of this Option, or either party's breach of this Option, the Lease shall continue in full force and effect until closing of the purchase of the Premises by Purchaser, or until the Lease expires or is terminated in accordance with its terms.

4. **PURCHASE PRICE.** In the event Purchaser exercises its option to purchase the Premises as described above, the Purchase Price for the Premises shall be as follows: (i) if Purchaser exercises its option to purchase the Premises within thirty (30) days after the Rent Commencement Date as provided in the Lease, the Purchase Price shall be Four Million Eighty-Seven Thousand Six Hundred Eighty-Three and 00/100 Dollars (\$4,087,683.00), plus the costs incurred by Seller (if any, but not to exceed \$150,000.00) for off-site improvements that may be required by governmental authorities as a result of the development of the Premises by Seller for Purchaser's use if not already paid by Tenant as set forth in Section 3 of the Workletter attached to the Lease as Lease Addendum Number One, plus all costs (if any) related to any Change Order (as set forth in Section 3 of the Workletter attached to the Lease as Lease Addendum Number One) which have not been paid by Tenant at the time the option is exercised; or (ii) if Purchaser exercises its option to purchase the Premises at any time after the thirtieth (30th) day following the Rent Commencement Date as provided in the Lease, the Purchase Price shall be the total amount set forth in (i) above, plus one-quarter of one percent



(0.25%) of such total amount for each calendar month elapsed from the Rent Commencement Date through the date Tenant delivers the Notice of Exercise. The Purchase Price shall be payable by cash or bank certified funds to Seller's agent on the date of the closing of the transaction contemplated in the event this Option is exercised. As applicable for any period no later than ten (10) years from the date of Tenant's purchase of the Premises, Landlord shall reimburse Tenant on a pro-rata basis for the cost of the Off-Site Improvements which are actually paid by Tenant to the extent that Landlord develops or conveys an adjacent property tract after the Effective Date which benefits from the Off-Site Improvements (which shall be a continuing obligation of Landlord and survive Tenant's purchase of the Premises in accordance with the Option).

5. CLOSING. The consummation of the sale by Seller and the purchase by Purchaser of the Premises (the "Closing") shall take place on or before the thirtieth (30th) day after the final determination of the Purchase Price as provided in Section 4 above. At Closing, Seller shall deliver to Purchaser a special warranty deed, prepared at Seller's expense, subject only to the permitted exceptions referred to below and with documentary stamps affixed at Purchaser's expense, conveying to the Purchaser, or its assignee or designee, a marketable, fee simple title to the Premises which title shall be insurable at regular rates by a title insurance company acceptable to Purchaser. The Premises shall be conveyed to Purchaser free and clear of all liens and encumbrances, claims, easements, leases, restrictions or restrictive covenants, except that the Premises may be conveyed subject to the following (the "Permitted Exceptions"):

- (a) Rights-of-way of roads and streets;
- (b) Public utility service easements and rights-of-way of record in customary form;
- (c) Ad valorem taxes for the year in which the closing occurs;
- (d) All easements and restrictions in the Declaration;
- (e) All zoning and building laws, rules, regulations, and ordinances.

6. POSSESSION. Exclusive possession of the Premises, free and clear of occupancy by all persons, firms, or corporations, shall be delivered to the Purchaser on the day of Closing in "as is, where is" condition. The parties understand and agree that the terms of the Lease shall remain in full force and effect through and to the day of Closing.

7. TAXES. It is agreed that all real and personal property taxes levied against the Premises shall be the sole responsibility of the Purchaser in accordance with the provisions of the Lease.

8. ASSIGNMENT. The Purchaser shall not have the right to assign any of its rights created under this Option to any persons, firms or corporations without the express written consent of the Seller (which shall not be unreasonably withheld, conditioned or delayed). Any such assignment shall not relieve the Purchaser of its obligations hereunder.

9. SURVIVAL. It is understood and agreed that whether or not it is specifically so provided herein, any provision of this Option, which by its nature is required to be kept, observed and performed after the exercise of the option granted hereunder or Closing of the purchase of the Premises, shall survive the exercise and Closing and the delivery of the deed hereunder, and shall not be merged therein, but shall be and remain binding upon and for the benefit of the parties hereto until fully observed, kept and performed. Upon the closing referenced herein, the Lease between Landlord and Tenant shall automatically terminate; however, all obligations of Landlord to Tenant related to the Tenant Improvements, including, without limitation, Section 5 of the Lease Addendum Number One, shall survive for the benefit of Tenant.

10. DOCUMENTS AT CLOSING. At the Closing of the Premises, the Seller shall:

(a) Execute, acknowledge and deliver to Purchaser a special warranty deed conveying a good, fee simple and marketable title to the Premises, free and clear of all liens and encumbrances except those set forth in Section 5 above;

(b) Execute lien affidavits warranting and holding Purchaser and a title insurance company, if any, harmless against unpaid liens of laborers and suppliers who may have performed any work or provided any materials at Seller's request with regard to the Premises;

(c) Execute and deliver any and all documents and papers (including those documents specified above) that may be reasonably necessary in connection with the consummation of the transaction contemplated by this Option including the transfer of Seller's interest in the Premises, the assignment of any interest relating to the Premises and the improvements thereon.

11. CONTRACT OF PURCHASE. At Purchaser's election, upon the exercise by the Purchaser of its option to purchase the Premises as set forth herein, this Option shall be a contract to purchase the Premises. Once this option to purchase becomes a contract, the contract shall be governed by all North Carolina laws related to such contract.

12. CLOSING COSTS. Seller shall furnish and pay the cost and expense for preparing the deed, the first \$1,269.00 of excise tax stamps to be paid with the recording of the deed, the expense of subdividing the Land, and the cost of Seller's own attorneys. Purchaser shall pay for the cost of filing the deed, the cost of excise tax stamps in excess of \$1,269.00 to be paid with the recording of the deed, all ad valorem taxes related to the Premises for the period starting from the Rent Commencement Date under the Lease, the cost of the title insurance binder and policy, and the cost of Purchaser's own attorneys.

13. MISCELLANEOUS.

(a) The parties hereto agree that no representations, stipulations, agreements or understandings, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in the provisions of this Option or the Lease. This Option may not be added to or modified except by written agreement signed by each of the parties.

(b) No waiver of any terms or conditions of this Option shall be a waiver of such term or condition in the future unless such waiver shall be in writing and signed by each of the parties.

(c) It is understood and recognized that this Option is the joint undertaking of the parties hereto and results from their common negotiations.

(d) Landlord shall reasonably cooperate with Tenant to prepare and execute a short form memorandum of the Option in form for recording with the Forsyth County Register of Deeds.



PIEDMONT TRIAD REGIONAL COUNCIL

400 WEST FOURTH STREET, SUITE 400
WINSTON-SALEM, NC 27101
(336) 761-2111

2216 WEST MEADOWVIEW ROAD SUITE 201
GREENSBORO, NC 27407
(336) 294-4950

MATTHEW L. DOLGE • EXECUTIVE DIRECTOR

September 27, 2012

The Honorable Phil Berger, Senate Majority Leader
North Carolina Senate
16 West Jones Street, Room 2008
Raleigh, NC 27601-2808

Dear Senator Berger:

As you are aware, the inventory tax reimbursement that has been distributed to local governments for the last 10 years is due to expire. This reimbursement was set up when the General Assembly rescinded the inventory tax on businesses in the State. The reimbursements to local governments in North Carolina total just over \$17 million per year. In discussions with the membership of the Piedmont Triad Regional Council, we became aware that the Triad region, due to its traditional economic base in manufacturing, will absorb an inordinate amount of the lost revenue. Of the total State dollars, 55% or \$9.7 million, were reimbursements to Piedmont Triad local governments.

The Board of Delegates of the Piedmont Triad Regional Council appreciates the budget issues that our General Assembly has had to face during the economic downturn we are currently experiencing. As the State has had to make cuts, the local governments have had to do the same. As we look to the needs of the citizens of North Carolina, we have all had to make difficult decisions. The loss of these reimbursements will hit our member governments at the worst possible time. It is very difficult to absorb this decrease when other revenue streams have been flat or have been shrinking for the last four years. It appears that the economy is beginning to improve. It is my hope that we might enter into discussions to extend these reimbursements in the next two years of the State budget. We hope for an opportunity to meet with you and other members of the Piedmont Triad legislative delegation in November after the general election to discuss options that can help us mitigate this issue.

We understand there are many needs that you and your colleagues in the General Assembly have to consider. We value the partnership between the State and local governments. Thank you for your dedication to the State and Triad region.

Sincerely,

Darrell Frye
Chairman

cc: The Honorable Phil Berger – Eden Office



Inventory Tax Reimbursements

<u>Unit of Government</u>		<u>Reimbursement</u>
Haw River	\$	101,783.12
Thomasville	\$	183,311.12
Denton	\$	2,563.35
Davie County	\$	1,319,468.30
Mocksville	\$	180,613.23
Forsyth County	\$	497,407.72
Winston-Salem	\$	1,985,802.10
Kernersville	\$	644,336.22
Tobaccoville	\$	577.81
High Point	\$	565,105.94
Greensboro	\$	257,782.27
Star	\$	86,259.28
Mount Gilead	\$	12,910.72
Biscoe	\$	760.47
Asheboro	\$	203,447.78
Ramseur	\$	22,334.34
Seagrove	\$	4,990.15
Randleman	\$	934.68
Liberty	\$	367.18
Rockingham County	\$	562,838.12
Reidsville	\$	193,017.34
Madison	\$	102,859.22
Stoneville	\$	25,796.21
Mayodan	\$	16,890.63
Eden	\$	9,701.81
Stokes County	\$	2,265,293.84
Mount Airy	\$	310,439.49
Elkin	\$	109,328.86
Pilot Mountain	\$	25,012.73
Yadkinville	\$	49,734.01
Boonville	\$	8,451.57
Piedmont Triad Total	\$	9,750,119.61
North Carolina Total	\$	17,465,023.37

The Piedmont Triad Region Accounts For 55% Of The State Total



Community and Business
Development Department

City of Winston-Salem
P.O. Box 2511
Winston-Salem, NC 27102
CityLink 336.727.8000
Fax 336.727.2878
www.cityofus.org

August 1, 2012

Mr. Matthew Dolge, Executive Director
Piedmont Triad Regional Council
400 West Fourth Street, Suite 400
Winston-Salem, NC 27101

Subject: Summer Youth Employment Program (SYEP) - Monitoring Review

Dear Mr. Dolge: *Matthew*

On June 1, 2012, Wanda Nichols, Program Coordinator, and Carol Cummins, Financial Analyst, met with Mr. Deon Carter for a site review of the Summer Youth Employment Program, which is funded by the City of Winston-Salem. This letter summarizes our visit.

The Piedmont Triad Regional Council (PTRC) in partnership with the City of Winston-Salem operated the 2011 Summer Youth Employment Program (SYEP). The program served 110 middle to low income youth age 15-19 that were enrolled in high school. All participants received the following; suitability assessments, career assessments, educational tutoring, and the availability of financial support that can be used for post secondary education through Piedmont Triad Regional Council's scholarship programs. There were a total of 47 worksites where participants were placed for employment. The program was operated from July 5, 2011 to August 19, 2011.

Ms. Nichols discussed eligibility requirements of participants of the program with Mr. Carter and the importance of proper participant documentation. Twelve (12) participant files were reviewed for compliance (Keyondra Boston, Aaron Carter, Tekesha Springs, Takeya Howell, Dekeysa Bowen, Moriah Paige, Jiwan Johnson, Jesse Jacobs, Travis Mullins, Cheryl Price, Raquel Route, and Christian Simmons). All files reviewed contained required applications, documentation of identification, income verification, time sheets, and completed questionnaires. Staff is to be commended for the diligence shown in the thorough documentation of participant eligibility and compliance and the organization of information in each participant file.

PIEDMONT TRIAD
REGIONAL COUNCIL

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October 3, 2012

City Council: Mayor Allen Joiner; Vivian H. Burke, Mayor Pro Tempore, Northeast Ward; Denise D. Adams, North Ward; Dan Beme, Southwest Ward; Robert C. Clark, West Ward; Molly Leigh, South Ward; Wanda Merschel, Northwest Ward; Derwin L. Montgomery, East Ward; James Taylor, Jr., Southeast Ward; City Manager: Lee D. Garry



The pre-visit review showed that Piedmont Triad Regional Council (PTRC) has submitted a total of one request under the Summer Youth Program grant totaling \$149,453.63 during the 2011-2012 monitoring period. This balance was reviewed and confirmed with Mr. Carter. The backup documentation, consisting of signed, dated time sheets and copies of checks, were reviewed and all backup documentation was in order. The files were in exceptionally good order and PTRC is to be commended. Ms. Cummins collected a current audit and Board Roster for the City's files.

We are pleased to report that no findings or concerns were noted during this monitoring review period. Piedmont Triad Regional Council's compliance rating, based on our monitoring review, is to be commended. Thank you for your time and assistance during the visit and for your ongoing assistance in the administration of the program. If you have any questions, please contact me at (336) 734-1310 or mellinp@cityofws.org or Tim West at (336) 734-1305 or timw@cityofws.org.

Sincerely,



Mellin L. Parker
Housing Development Administrator

MLP/mrd

- c: Althea Hairston, Director, PTRC
Deon Carter, Workforce Development Program Manager, PTRC
Tim West, CBD Program Supervisor
Wanda Nichols, CBD Program Coordinator
Carol Cummins, CBD Financial Analyst



**PIEDMONT TRIAD
REGIONAL COUNCIL**

**Grady Hunter Regional Excellence Award
Nomination Form
2012**

I, _____, nominate _____ for the 2012 Grady
(Name) (Name)
Hunter Regional Excellence Award.

Please include a brief description of why you are nominating this individual.

Nominations will be accepted through Friday, October 5. Please return this nomination form via email or fax at (336) 761-2112 or cnorris@ptrc.org. Should you have any questions you can contact Hilda Sims, PTRC Executive Assistant, at (336) 294-4950.