

**MINUTES OF THE MARCH 24, 2026 CITY COUNCIL REGULAR MEETING**

A REGULAR meeting of the Hopewell Council was held on Tuesday, March 24, 2026, at 5:00 p.m.

**PRESENT:**

John B. Partin, Mayor  
Rita Joyner, Vice Mayor  
Michael Harris, Councilor  
Ronnie Ells, Councilor  
Susan Daye, Councilor  
Malik Wheat, Councilor  
Lovena Rapole, Councilor

Councilor Rapole makes a motion to go into closed meeting under Va. Code § 2.2-3711(A)(3), (8), and (29), to discuss the acquisition or disposition of real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, the award of a public contract where discussion in an open session would adversely affect the City’s bargaining position, and to consult with legal counsel regarding specific legal matters (real estate contract discussions, support agreement with the EDA, lease for city department offices); § 2.2-3711(A)(1), (8), to discuss personnel matters including. (City Clerk, Beacon Theater Board, Hopewell Water Renewal, and Recreation Commission). Vice Mayor Joyner seconds the motion.

**ROLL CALL**

Councilor Ellis-	Yes
Councilor Daye-	Yes
Councilor Wheat-	Yes
Councilor Rapole-	Yes
Vice Mayor Joyner-	Yes
Councilor Harris-	Yes
Mayor Partin-	Yes

**Motion Passes 7-0**

Vice Mayor Joyner makes a motion to reconvene to open meeting. Councilor Rapole seconds the motion.

**ROLL CALL**

Councilor Ellis-	Yes
Councilor Daye-	Yes
Councilor Wheat-	Yes
Councilor Rapole-	Yes
Vice Mayor Joyner-	Yes

Councilor Harris- Yes  
Mayor Partin- Yes

**Motion Passes 7-0**

CERTIFICATION PURSUANT TO VIRGINIA CODE §2.2-3712 (D): Were only public business matters (1) lawfully exempted from open-meeting requirements and (2) identified in the closed-meeting motion discussed in the closed meeting?

**PRESENT:**

John B. Partin, Mayor  
Rita Joyner, Vice Mayor  
Michael Harris, Councilor  
Ronnie Ellis, Councilor  
Susan Daye, Councilor  
Malik Wheat, Councilor  
Lovena Rapole, Councilor

**REGULAR MEETING**

**City Manager's Report - Michael Rogers, Interim City Manager**

Michael Rogers opened his remarks by formally acknowledging the extensive effort undertaken by the Hopewell City Council during the multi-step process of searching for a new City Manager. He noted that he has participated in a number of similar searches with other councils and emphasized that the members of Council worked diligently and collaboratively throughout the process. Mr. Rogers highlighted the strong sense of collegiality among Council members, stating that it played a significant role in reaching a successful outcome. He expressed appreciation for the time, effort, and professionalism demonstrated by the Council and noted that their work resulted in the selection of a highly qualified candidate. Mr. Rogers further stated that later in the evening, the Council would be presented with and vote on an employment contract for the new City Manager, Vincent Jones, which would formalize the appointment. Concluding his remarks, Mr. Rogers deferred to the mayor to introduce Mr. Vincent Jones, signaling a transition to the next portion of the meeting agenda.

**February 2026 Financials/ Midyear Salary Savings Review – Stacey Jordan, Deputy City Manager**

Stacey Jordan presented the February Finance Committee report, addressing Mayor, Vice Mayor, and members of the City Council. She reported that citywide financials for February show revenues trending approximately \$8.4 million higher in fiscal year 2026 compared to 2025, while expenses are also trending higher, largely due to increases tied to the annual classification and compensation study, as well as rising school, enterprise, and capital

expenditures. She noted key financial reporting months for the City as December, February, May, and June.

Focusing on the General Fund, Ms. Jordan stated that revenues are trending about \$1.39 million higher in FY26 versus FY25, while expenses are trending approximately \$1.6 million lower than the prior year, despite some increases driven by compensation adjustments. Overall, she indicated the City is performing favorably, trending about \$3 million better in FY26 compared to FY25.

For the Enterprise Fund, she reported revenues trending \$5.4 million higher in FY26 compared to FY25, with expenses trending \$9.9 million higher. She explained that the revenue increase is largely due to on-time and upfront capital billing rather than end-of-year billing, while the increase in expenses is attributed to capital projects and maintenance. She noted that \$5.6 million has already been spent on capital projects this fiscal year, compared to approximately \$1.5 million at the same time last year.

Regarding school finances, Ms. Jordan reported revenues trending \$1.3 million higher in FY26 versus FY25, with expenses trending \$5.2 million higher. She explained that there has been a decrease in federal revenues due to reduced ESSER (COVID-related) funding and delays in Head Start reimbursements, though she confirmed in response to a Council question that those reimbursements are expected to be received within the current fiscal year.

Ms. Jordan also outlined salary savings allocations within the General Fund totaling approximately \$876,000. Of this, she proposed allocating about \$615,000 in additional funding toward audit completion costs, noting that the City had previously budgeted only \$205,000 annually for audits. Additional proposed allocations included \$25,000 for Commissioner of Revenue security barrier upgrades, \$4,000 for office chairs, \$50,000 for a fire station sewer line repair (Station Two), \$105,000 for a water leak repair (Station One), and \$80,000 for a Sheriff's Office radio system replacement, which she noted is outdated and not eligible for funding through the Compensation Board or ICE funding.

Finally, she detailed Enterprise Fund allocations, including \$166,000 for HRW pump and tank repairs, \$63,000 for sewer pump repairs, and \$24,000 for refuse service contracts.

Stacey Jordan responded to Mayor Partin's inquiry regarding the City's financial policies on utilizing savings to strengthen the undesignated fund balance and reserve funds. She explained that at this time, the City cannot allocate funds to those reserves because current salary savings are being used to cover immediate and necessary expenses. However, she noted that as the fiscal year progresses and the City moves closer to year-end, there may be an opportunity to allocate excess revenues over expenses toward those financial policy goals.

Ms. Jordan then reported that, as of February, the city had processed 1,185 invoices totaling approximately \$5.4 million. She added that 71% of the City's debt obligations have been paid to date, with about \$2.1 million remaining for the rest of the fiscal year. She also provided an update on the FY2025 Annual Comprehensive Financial Report (ACFR), stating that it is on track for completion by March 31 and that there are currently no anticipated delays, noting continued progress following a recent meeting with staff, including David.

Additionally, Ms. Jordan referenced ongoing discussions about potential additional funding opportunities for school HVAC systems. She indicated that further details would be presented later in the meeting by Jimmy, who would discuss these opportunities as part of a diagnostic presentation.

#### **Treasurer's Report – Jason Yancey, Treasurer**

Treasurer Jason Yancey presented a three-year collections summary to the Mayor, Vice Mayor, and members of Council, providing an overview of trends in revenue collection and financial positioning. For real estate taxes, he reported that in 2023 the total adjusted bill was approximately \$21,354,079.86, with about \$140,000 remaining uncollected, resulting in a 99.27% collection rate. In 2024, the adjusted bill was approximately \$22,179,961.65, with a slightly lower collection rate of 98.5%. For 2025, the collection rate declined further to 96.45%. For personal property taxes, Mr. Yancey noted a downward trend, with a 96.25% collection rate in 2023, decreasing to 94.48% in 2024, and further to 89.7% in 2025, leaving over \$2.1 million in receivables. Regarding business license collections, he reported strong performance, with a 99.63% collection rate in 2023, increasing slightly to 99.77% in 2024, and currently at approximately 95.99% for 2025, noting that collections are still ongoing with an April 1 deadline, and the rate is expected to improve.

Mr. Yancey also provided an overview of the City's financial accounts. As of March 18, general banking accounts held just over \$7.5 million. Additional balances included approximately \$124,000 in the Special Welfare account, \$5,600 in the Data Integrators account, \$333 in the School Board Café account, just under \$50,000 for the Beacon Theater, and \$57,890 in EMS Revenue Recovery. He further highlighted investment account balances, including over \$6 million in the VML/VACO (KAPLAN) portfolio, just over \$9 million in the Local Government Investment Pool (LGIP), approximately \$377,000 in the U.S. Bank sewer system account, and just over \$6 million held with Schwab.

In response to Council questions regarding the decline in collection rates, Mr. Yancey explained that the Treasurer's Office is taking more aggressive collection actions. These include utilizing collection agencies such as TAXS for personal property and working with the Commonwealth's Attorney's Office (Jason Dunn) for real estate collections, as well as increasing the number of notices sent to taxpayers. He identified significant challenges with postal service issues, citing an example of a 2022 personal property bill that was only returned to the office in March 2026. He explained that delays, undelivered mail, and inconsistent address issues have contributed to uncollected balances, with many residents reporting they never received their bills. Despite the recent decline in collection rates, Mr. Yancey expressed confidence that collections will improve through these enhanced outreach and enforcement efforts.

#### **Commissioner of Revenue Estimates Presentation – Debra Reason, Commissioner of Revenue**

Amanda Kidd presented revenue estimates, providing an overview of projected trends for key revenue categories for fiscal years 2025 and 2026. She reported that personal property and related license fee revenues are trending at approximately \$7.1 million. Machinery and tools tax revenues are increasing, with estimates rising from about \$9.8 million to \$10.1 million, noting that these figures do not include manufacturer rebates, which are issued at the end of the year following payment completion for expansions and equipment. Public service revenues, as

reported by the State Corporation Commission, are estimated to increase from approximately \$4.9 million to \$5.5 million and are expected to remain relatively stable with potential for slight growth.

Ms. Kidd also addressed business license revenues, explaining that while the number of businesses has decreased by approximately 100, overall revenue is increasing due to higher gross receipts, with updated projections around \$2.1 million rather than the previously noted \$1.7 million. She indicated that this category is expected to continue trending upward. Additionally, she noted that restructuring of business licenses is under consideration and will likely be addressed in future fiscal planning, potentially around FY2027.

She highlighted additional revenue streams not originally included in earlier estimates, including food and beverage and transient occupancy taxes, both of which are showing upward trends. She specifically noted that the increase in the food and beverage tax rate from 8% to 10% has contributed to rising revenues over time.

Ms. Kidd also provided an update on a newly implemented tax, reporting current collections at approximately \$300,000, which is slightly exceeding initial expectations based on the most recent data. In closing, she stated that overall revenue forecasts are trending slightly higher than originally projected. It was further noted during discussion that these increased revenue projections have not yet been incorporated into the proposed budget, allowing Council discretion in determining how any additional funds may be allocated, including potential use for capital or other priorities.

Michael Rogers provided an announcement to the Mayor and Council regarding the upcoming “Hooray for Hopewell History Celebration,” which will serve as the City of Hopewell’s official Virginia 250 (VA250) signature event. He stated that the event is scheduled for June 27, 2026, and is part of the nationwide America 250 commemoration. Mr. Rogers explained that the full-day event will highlight Hopewell’s role in American history, emphasizing its colonial origins, river-based commerce, and ongoing revitalization efforts.

He noted that the celebration will begin around lunchtime in downtown Hopewell and continue throughout the day into the evening, culminating with the City’s annual “Fireworks on the Appomattox” display. Planned activities include history-themed live music performances along Library Street, family-friendly programming centered on historical themes, and strong participation from local businesses. Mr. Rogers added that additional details about the event will be presented at a future Council meeting by Charles Bennett, who will provide a more comprehensive overview of the day’s programming.

### **ACTIONS RESULTING FROM CLOSED MEETING**

Vice Mayor Joyner makes a motion to appoint Heath Davis, Scott Adams, Dr. Christian Volk, and Mr. Andrew Parker to the Hopewell Water Renewal Board. Councilor Ellis seconds the motion.

#### **ROLL CALL**

Councilor Ellis-	Yes
Councilor Daye-	Yes
Councilor Wheat-	Yes
Councilor Rapole-	Yes
Vice Mayor Joyner-	Yes

Councilor Harris- Yes  
Mayor Partin- Yes

**Motion Passes 7-0**

Councilor Wheat makes a motion to recognize Ms. Bishelya Howard for her service to the city and to appoint Mrs. Sade' Allen to be the city clerk and to direct the city attorney to draft a contract to that effect. Councilor Daye seconds the motion.

**ROLL CALL**

Councilor Ellis- Yes  
Councilor Daye- Yes  
Councilor Wheat- Yes  
Councilor Rapole- Yes  
Vice Mayor Joyner- Yes  
Councilor Harris- Yes  
Mayor Partin- Yes

**Motion Passes 7-0**

Councilor Wheat makes a motion to appoint Joshua Holloway to the recreation committee. Vice Mayor Joyner seconds the motion.

**ROLL CALL**

Councilor Ellis- Yes  
Councilor Daye- Yes  
Councilor Wheat- Yes  
Councilor Rapole- Yes  
Vice Mayor Joyner- Yes  
Councilor Harris- Yes  
Mayor Partin- Yes

**Motion Passes 7-0**

Vice Mayor Joyner makes a motion to approve the resolution for office leases and lease amendments for the space in the Williams building. Councilor Wheat seconds the motion.

**ROLL CALL**

Councilor Ellis- Yes  
Councilor Daye- Yes  
Councilor Wheat- Yes  
Councilor Rapole- Yes  
Vice Mayor Joyner- Yes  
Councilor Harris- Yes  
Mayor Partin- Yes

**Motion Passes 7-0**

Councilor Wheat makes a motion to approve the resolution for office lease space in the 200 N. Main Street building. Councilor Ellis seconds the motion.

**ROLL CALL**

Councilor Ellis-	Yes
Councilor Daye-	Yes
Councilor Wheat-	Yes
Councilor Rapole-	Yes
Vice Mayor Joyner-	Yes
Councilor Harris-	Yes
Mayor Partin-	Yes

**Motion Passes 7-0**

Vice Mayor Joyner makes a motion to approve the resolution in support of the EDA grant for site development. Councilor Wheat seconds the motion.

**ROLL CALL**

Councilor Ellis-	Yes
Councilor Daye-	Yes
Councilor Wheat-	Yes
Councilor Rapole-	Yes
Vice Mayor Joyner-	Yes
Councilor Harris-	Yes
Mayor Partin-	Yes

**Motion Passes 7-0**

**PRAYER AND PLEDGE OF ALLEGIANCE**

Prayer by Pastor Collier, followed by the Pledge of Allegiance to the flag of the United States by Mayor Partin.

Councilor Wheat makes a motion to adopt the consent agenda. Vice Mayor Joyner seconds the motion.

**ROLL CALL**

Councilor Ellis-	Yes
Councilor Daye-	Yes
Councilor Wheat-	Yes
Councilor Rapole-	Yes
Vice Mayor Joyner-	Yes
Councilor Harris-	Yes
Mayor Partin-	Yes

**Motion Passes 7-0**

## COMMUNICATIONS FROM CITIZENS

### **Laura Greenwood, Ward 6**

The mayor announced the first speaker for public comment, identifying Ms. Laura Greenwood as having signed up to speak. Upon being recognized, Ms. Greenwood indicated that she was okay and did not wish to proceed with comments at that time.

### **Ed Houser, Ward 5**

The mayor called the next speaker for public comment, Mr. Ed Houser. Upon being recognized, Mr. Houser indicated that he did not wish to offer comments, and no statement was provided.

### **Mark Burroughs, Ward 3**

Mark Burroughs, a Ward Three resident, addressed Council during public comment, stating that he had not initially intended to speak but felt compelled to do so after hearing discussion of budget priorities. He raised concerns regarding proposed allocations of \$25,000 for a security barrier and \$4,000 for office chairs for the Commissioner of the Revenue, while noting that funding had not been identified for a new Sheriff's Office radio system. Mr. Burroughs questioned whether priorities were appropriately aligned, emphasizing that public safety needs, such as an effective radio system for the Sheriff's Department, should take precedence over administrative upgrades.

He also commented on the Treasurer's report, expressing concern about the City's aggressive approach to collections. While acknowledging the necessity of revenue collection, he urged Council to apply the same level of urgency and effort toward addressing community issues raised by residents.

Additionally, Mr. Burroughs questioned the City's policy of issuing machinery and tools tax rebates to businesses, asking whether those businesses provide offsetting contributions that are not visible to the public. He expressed concern that residents are heavily taxed while businesses receive financial relief, particularly in light of ongoing needs such as fire and EMS services, new fire stations, and training facilities. He suggested that larger local industries could contribute more toward public safety infrastructure, which, in his view, would better justify the rebates provided. Mr. Burroughs concluded his remarks as his allotted time expired.

### **Sha'rah Fuller, Ward 5**

Sha'rah Fuller, a Ward Five resident, addressed the Mayor, Vice Mayor, and members of Council, providing community updates and encouraging public engagement in upcoming events. She announced that Ward Seven will host its first Neighborhood Watch meeting on Wednesday at 6:00 p.m. at Woodlawn Baptist Church, noting that the initiative has expanded beyond the Autumn Woods neighborhood to include the entire ward. Ms. Fuller commended Councilor

Ripley for her leadership in organizing the effort and encouraged residents from across the City to attend and support community safety initiatives.

Ms. Fuller also highlighted an upcoming TRIAD meeting scheduled for Thursday at 10:00 a.m. at the VFW, explaining that while the program is geared toward supporting seniors aged 55 and older, it is open to all residents and includes broader public safety information beneficial to the entire community.

In addition, she promoted the “Hoppin’ Happenings” event at the City Point Soccer Complex, recognizing the efforts of Tabitha Martinez and the Parks and Recreation staff in restoring and maintaining the facility. Ms. Fuller emphasized the importance of community participation in City events to sustain momentum and foster unity.

She further noted increased visibility for Hopewell through social media, citing recent online highlights of local businesses such as Brew and Blossom and What the Cup, which she said are helping attract attention and visitors to the City. Ms. Fuller concluded by encouraging residents to continue supporting local events and initiatives, offering to share additional information through social media and email.

#### **Dan Hannon, Ward 5**

Dan Hannon, a Ward Five resident, addressed Council expressing concerns about the City’s tax collection practices and their impact on residents. He referenced agreement with a previous speaker regarding what he perceived as an overly aggressive approach to tax collection. Mr. Hannon shared his personal experience after moving to Hopewell in 2022, noting that his initial monthly mortgage payment was approximately \$1,250. In August 2023, he received a delinquency notice from the Treasurer’s Office, which he stated was sent directly to him rather than his mortgage company or escrow agent, despite taxes typically being paid through escrow. As a result, his mortgage increased to approximately \$1,500 per month.

He further explained that in August 2024, following an escrow reassessment involving his mortgage holder, the Virginia Housing Development Authority, his monthly payment decreased to approximately \$1,200, before rising again to about \$1,550 shortly thereafter. Mr. Hannon described these fluctuations as confusing and stressful, attributing them to inconsistencies in communication and coordination between the City and mortgage or escrow entities. He emphasized that he continues to receive delinquency notices approximately every six months due to timing issues with payments, which he believes contributes to unnecessary anxiety. Mr. Hannon concluded by urging the City to reconsider its approach to collections and improve communication to reduce the burden on residents.

Mayor Partin responded to Mr. Hannon’s comments by recommending that he schedule an appointment with the Treasurer’s Office to address the recurring issue. Mr. Hannon replied that he has already done so multiple times, stating that the issue is resolved temporarily each time but

continues to recur approximately every six months. Mayor Partin acknowledged the response and concluded the exchange.

**Regular Business**

**R-1 Appointment of City Manager – City Council**

Councilor Harris makes a motion to appoint Mr. Vincent Jones to be the city manager of Hopewell and to approve his employment agreement as presented. Councilor Wheat seconds the motion.

**ROLL CALL**

Councilor Ellis-	Yes
Councilor Daye-	Yes
Councilor Wheat-	Yes
Councilor Rapole-	Yes
Vice Mayor Joyner-	Yes
Councilor Harris-	Yes
Mayor Partin-	Yes

**Motion Passes 7-0**

**R-2 2025 City of Hopewell Employee Survey Report – City Manager’s Office**

The meeting featured a presentation by Kara Fitzgibbon, Director of the Center for Survey Research at the University of Virginia, who shared the results of an employee survey conducted for the City of Hopewell. The survey, administered anonymously in the fall with a strong 52% response rate, aimed to assess overall employee satisfaction and explore 23 specific workplace topics to identify strengths, challenges, and priorities for improvement. Respondents represented a broad cross-section of departments, demographics, tenure, and job roles, with a fairly even gender split and a mix of newer and long-tenured employees. Overall, about two-thirds of employees reported being satisfied with the city as a workplace, though only about half said they would recommend it, and perceptions of workplace improvement over the past two years were mixed. High-performing areas included employees’ commitment to the city, customer service, opportunities for creativity, and feelings of dignity and worth, which were generally viewed positively and should be maintained. However, key areas of concern emerged, particularly pay, workplace environment (including stress and work-life balance), relationships with upper management, and performance appraisals, all of which received lower ratings. When examining importance, employees identified pay as the top priority, followed by dignity and worth, training and development, workforce quality, and communication. By combining importance with performance, the study highlighted top priorities for action: improving pay, workplace environment, and leadership relationships, while also addressing secondary concerns like communication, benefits, and training. Overall, the survey provides a valuable baseline for understanding employee experiences and offers clear guidance for leadership to focus efforts on areas that most impact satisfaction and workplace quality moving forward.

In the closing discussion, Mr. Rogers expressed appreciation for the survey results and emphasized that the next step is for the management team to carefully review the findings,

identify key lessons, and develop a strategic action plan to address areas needing improvement. This process will involve collaboration with department heads, with the intent of producing a comprehensive plan for the city manager. A follow-up discussion from Mayor Partin focused on the appropriate timeline for repeating the employee survey to measure progress. From both management and the survey team's perspective, conducting the survey every two years was recommended as a standard and effective cadence. This timeframe allows sufficient opportunity for implemented changes to take effect and produce measurable outcomes, while also respecting employees' time and willingness to provide feedback. It was noted that surveying too frequently could reduce the quality and thoughtfulness of responses, whereas waiting too long might delay identifying emerging issues. Flexibility was emphasized, suggesting that in periods of significant organizational change, extending the interval to three years may be more appropriate. Overall, the discussion reinforced the importance of using the survey as an ongoing tool for meaningful engagement, evaluation, and continuous improvement.

**R-3 Diagnostic Bond Rating for FY24 – Jimmy Sanderson and Stacey Jordan,  
Deputy City Manager**

Jimmy Sanderson provided an overview of the city's financial position, debt structure, and upcoming funding considerations, focusing on key updates rather than a full presentation. He highlighted the addition of a new 2025 bond transaction of approximately \$15 million at a fixed interest rate of 4.91%, with the option to refinance in 2031 if market conditions improve. He noted that the city maintains a strong financial posture overall, including a healthy debt payout ratio exceeding 70% over ten years and more than \$34 million in debt reduction since 2015. In discussing credit ratings, Sanderson explained that the city's scorecard-based rating had slightly declined from AA2 to AA3, primarily due to external factors such as a regional reclassification by Moody's and a reported decrease in cash and cash equivalents—though he indicated that the latter may be under review with auditors and could be adjusted. He emphasized that despite the slight drop, the city's credit rating remains strong. He also walked through key rating factors such as economic conditions, financial performance, and leverage, noting that while some elements like regional economic metrics are beyond the city's control, maintaining strong reserves and fund balance is critical for financial health. Additionally, Sanderson addressed concerns about prior financial management issues, including a significant over-expenditure related to the oxygen plant, which lacked sufficient oversight. Finally, he outlined next steps for the HVAC project, explaining that anticipated state funding is no longer included in the budget, requiring the city to consider borrowing to cover approximately \$8 million. He proposed a two-part financing strategy—one short-term portion to be repaid with delayed grant funds and another long-term borrowing to replace the lost state funding—with plans to return to council in April for public hearings and final approval, including firm interest rate proposals.

**R-4 Spot Blight Abatement Plan – Anthony Beesette, City Attorney**

Anthony Bessette addressed the Council to explain the city’s first use of its newly adopted nuisance ordinance provision dealing with “spot blight,” as defined under Virginia law. He outlined the process using the example of a residential property at 3008 River Road, noting that the Department of Planning and Development—typically through the building official—initially determines whether a property qualifies as blighted based on multiple building or fire code violations. Once that determination is made, the property owner is formally notified and given 30 days to submit an abatement plan. In this case, the owner did submit a plan, and due to the extensive repairs required, additional time was negotiated beyond the original request. Bessette explained that Council action is now required in the form of an ordinance to formally approve this abatement plan. If approved, the owner will have until approximately May 15 to correct the identified issues. He further clarified that failure to meet these requirements could allow the city to pursue condemnation of the property, enabling it to take control, address the violations, and eventually transfer the property to a responsible party. He concluded by stating that staff recommends Council approve the negotiated spot blight abatement plan.

Vice Mayor Joyner makes a motion to approve the ordinance declaring the 3008 River Road blighted and approving the spotlight abatement plan. Mayor Partin seconds the motion.

In this exchange, councilor Rapole raised concerns about the structure and timeline of the proposed abatement plan, noting that most of the deadlines appeared clustered around April and May 2026 rather than being staggered in phases. Anthony Bessette clarified that the timeline was initially even more aggressive, with the property owner proposing to complete all repairs by mid-April. However, the building official determined that this was unrealistic and extended most deadlines by about a month to avoid setting the owner up for failure. Bessette explained that the tasks were not staggered because many of the required repairs are independent of one another and can be completed simultaneously by different contractors. Imposing a sequential schedule could create complications, especially given the unpredictable availability of contractors. When asked about progress monitoring, it was clarified that the deadlines are actually set for May of the current year (not a year out as initially misunderstood), making the plan relatively aggressive in scope. The councilor Rapole acknowledged the misreading of the dates, and the discussion concluded with the formal opening and closing of the required public hearing, during which no speakers came forward, allowing the Council to proceed with the motion.

**ROLL CALL**

Councilor Ellis-	Yes
Councilor Daye-	Yes
Councilor Wheat-	Yes
Councilor Rapole-	Yes
Vice Mayor Joyner-	Yes
Councilor Harris-	Yes

Mayor Partin- Yes

**Motion Passes 7-0**

**R-5 The Local Choice (TLC) Annual Insurance Renewal - Yaosca Smith, Director of Human Resources**

In this brief update, Ms. Smith addressed the Mayor, Vice Mayor, and Council regarding the city’s health insurance renewal. She reported that the proposed renewal reflects a significant 15.7% increase in costs for the upcoming year. She referenced a prior session in which multiple options were presented to Council for consideration and stated that, based on that discussion, staff is now recommending and seeking formal approval of “Option B” as the selected renewal plan. The Mayor then asked if there were any questions for Ms. Smith, and with none raised by Council members, the matter appeared ready to proceed toward action without further discussion.

Vice Mayor Joyner makes a motion to approve option B plans and rates as recommended by One Digital and presented. Councilor Harris seconds the motion.

**ROLL CALL**

Councilor Ellis-	Yes
Councilor Daye-	Yes
Councilor Wheat-	Yes
Councilor Rapole-	Yes
Vice Mayor Joyner-	Yes
Councilor Harris-	Yes
Mayor Partin-	Yes

**Motion Passes 7-0**

**R-6 Budget Presentation for Attorney, City Council, Hopewell Water Renewal, Planning and Development, Healthy Families, Department of Social Services, Treasurer, Commissioner of Revenue and Economic Development – Stacey Jordan, Deputy City Manager**

Attorney: Anthony Bessette presented the City Attorney’s Office budget, emphasizing cost containment and efficiency efforts. He explained that most of the office’s budget remains largely unchanged aside from non-discretionary expenses such as salaries and employee benefits. Notably, the office is proposing a 10% reduction in discretionary spending, demonstrating a conscious effort to limit costs. While there is a slight increase requested for lodging to support attendance at professional conferences, overall expenditures are being reduced.

Bessette also provided an overview of spending on outside legal counsel, showing year-over-year costs and noting that current projections include some lingering expenses from prior years. He expressed confidence that these costs will decrease further in the next fiscal cycle as those legacy matters conclude. Additionally, he addressed the city's law library, which has historically cost about \$12,000 annually but has been significantly underutilized. In response, steps are being taken to reduce associated contract costs and relocate the library to a more accessible public location to encourage greater use.

Importantly, Bessette highlighted measurable financial benefits delivered by the City Attorney's Office, identifying at least \$411,000 in savings over the past year through cost avoidance, reduced spending, and limiting reliance on outside counsel, including savings for the Economic Development Authority. He acknowledged that many contributions of the office are difficult to quantify but stressed that these documented savings demonstrate tangible value. Council members responded positively, expressing appreciation for both the budget reduction and the office's proactive approach to saving taxpayer dollars.

City Council: Sade' Allen provided a brief update on the City Council's budget, noting that the current year's allocation is \$203,711.36. She explained that a reduction of \$7,047.06 is being proposed due to savings in health insurance costs, which would bring the revised budget total down to \$196,664.30. This adjustment reflects a decrease in expenses rather than an increase, highlighting a cost-saving measure within the Council's budget.

Hopewell Water Renewal: Matt Ellinghaus, Director of Water Renewal, presented the proposed Fiscal Year 2027 budget, covering operations, capital improvements, and the sewer collection system. He reported that the Water Renewal operating and maintenance budget is proposed at \$21.5 million, a 12% increase from the prior year. This increase is largely driven by higher labor costs, including pay and benefits adjustments, and a significant 37% rise in maintenance expenses due to catch-up work and required improvements tied to a state consent order. While energy costs are expected to remain stable and chemical costs slightly decrease due to improved efficiencies, supplies and administrative expenses are rising to support ongoing operational and maintenance needs. The city's share of the operating budget is approximately \$4.8 million, or 22.2%, with the remainder covered by industrial partners.

Ellinghaus also outlined a \$6.1 million capital improvement plan focused heavily on improving plant reliability, particularly the oxygen plant, and meeting regulatory requirements. The city's portion of capital costs is about 21%, or just under \$1.3 million. He emphasized that many of these projects are mandatory and aimed at stabilizing operations after years of deferred maintenance. In response to Council questions, he acknowledged the need for long-term planning and committed to developing a five- to ten-year capital improvement plan to better forecast and prioritize infrastructure investments, ensuring maintenance savings can eventually be redirected into capital improvements.

Security and operational upgrades were also discussed, including modernization of outdated camera systems to improve both facility security and real-time monitoring of plant operations. Additional site improvements, such as controlled access gates, have already been implemented, with further enhancements under consideration.

Regarding the sewer collection system, Ellinghaus proposed a \$10.8 million budget, a slight decrease from the current adjusted budget of approximately \$11.4 million. He explained that the reduction reflects progress in addressing prior system issues but emphasized a cautious approach to budgeting due to the potential for unexpected infrastructure failures. He reassured Council that any surplus or additional revenue would be reinvested into critical infrastructure needs, such as pump stations and system reliability improvements, while balancing staffing and project capacity constraints. Overall, the presentation highlighted a focus on stabilizing aging infrastructure, improving reliability, and implementing more strategic long-term planning.

Planning and Development: Chris Ward, representing the Development Department, presented the proposed budget for the upcoming fiscal year, emphasizing that the department is requesting level funding with no increase, maintaining a budget of approximately \$1.5 million. Despite steady growth in workload—planning applications have increased by 56% and site plans have doubled since 2020—staffing has declined significantly, leaving only two planners to handle a wide range of responsibilities, including support for multiple boards and specialized regulatory roles.

Ward's primary request is the addition of a Neighborhood Planner position to help address increasing demands, improve zoning enforcement, support neighborhood engagement, and proactively identify community issues. This role would also help the department pursue grants and reduce reliance on outside consultants. He noted that the cost of this position would be largely offset by eliminating a previously added receptionist position, adjusting enterprise zone incentives to generate some revenue, and reducing consultant expenses. He estimated the net cost of the position could be as low as \$0 to \$20,000 annually, while also potentially saving the city significant costs, particularly by enabling more in-house work on the upcoming comprehensive plan update, which could otherwise cost upwards of \$150,000.

As a secondary request, Ward introduced the idea of implementing an online permitting system to replace the current paper-based process. While acknowledging the high upfront cost (estimated at \$180,000 with ongoing annual costs), he emphasized the long-term benefits in efficiency, transparency, and customer service. However, he cautioned that the department is not yet ready for immediate implementation due to the need for internal process improvements and careful planning to avoid a problematic rollout.

Council members expressed support, particularly for the Neighborhood Planner position, recognizing its potential to improve community development efforts and generate long-term savings.

Healthy Families: Stacey Jordan provided an overview of a departmental budget on behalf of Shante Wheeler, who was unable to attend. She explained that the department's current fiscal year budget is \$957,888, and the proposed budget for the next fiscal year is approximately \$1.2 million. The increase is primarily driven by an additional \$247,257 in grant funding that the department expects to receive.

Jordan noted that these grant funds will support several enhancements, including the addition of a part-time Family Support Specialist, a part-time administrative assistant, and expanded clinical

mental health consultation services. Importantly, she emphasized that nearly all of these new costs will be covered by the grant funding, with only a minimal local impact, specifically, a request of just \$117 from the city's general funds for the upcoming year.

Department of Social Services: Wanda Williams, Director of the Hopewell Department of Social Services, delivered a detailed and passionate presentation outlining her department's critical role in public safety and community support, as well as significant budget needs. She began by emphasizing that Social Services is not only a provider of benefits like Medicaid, SNAP, TANF, and energy assistance, but also a key public safety agency responsible for protecting children and vulnerable adults, maintaining families, and stabilizing the community. She highlighted the department's extensive workload, including over 21,000 calls and more than 1,300 in-person visits in part of the fiscal year, and noted that more than 14,000 residents receive major benefits through the department. Additionally, her team manages foster care cases, adoption assistance, and protective services, all under strict state and federal mandates.

Williams underscored the financial impact of the department, explaining that while it administers services, it also brings substantial resources into the community—over \$134 million annually, including nearly \$15 million in SNAP benefits alone. She then outlined several staffing requests aimed at addressing workload demands and compliance requirements. These include absorbing CSA (Comprehensive Services Act) positions into the department to reduce the city's financial burden, hiring an assistant director, adding support staff for foster care and SNAP employment programs, expanding training capacity, and securing part-time IT and front desk support. She emphasized that many of these roles are necessary to meet federal and state mandates and to maintain service quality.

A key component of her proposal involves restructuring CSA positions so that the city would only be responsible for a 15.5% local match instead of fully funding them, potentially generating significant savings. She acknowledged the need to quantify those savings further. Williams also highlighted operational challenges, particularly with IT limitations due to state-controlled systems, which hinder efficiency and responsiveness.

Throughout the discussion, Council members expressed interest in the cost-saving potential of her restructuring proposals and the importance of maintaining improvements in CSA performance, which had previously been a major issue for the city. Williams reassured Council that the department is performing well, with no recent complaints and strong state oversight outcomes, and even noted the possibility of staff recognition at the state level for their work. She concluded by emphasizing her team's commitment to serving the community effectively despite resource constraints and reiterated the importance of investing in the department to sustain and improve service delivery.

Treasurer: Jason Yancey provided a concise overview of the Treasurer's Office operations and proposed budget adjustments. He began by outlining the structure of his office, which includes a small team responsible for collecting a wide range of revenues such as taxes, stormwater fees, and utility payments, all in coordination with other city departments and in compliance with state code. He emphasized the daily operational workload, including processing in-person, mailed, and online payments, all of which require strict daily reconciliation.

Turning to the budget, Yancey explained that he is proposing a reduction in part-time wages by about \$26,000 due to salary caps on current part-time staff. These savings would allow for the addition of a part-time delinquent tax collector position. He also proposed reallocating those funds into professional services to support expanded collection efforts, noting that as enforcement actions increase—such as DMV stops, auctions, and referrals to collection attorney associated costs also rise, even though they ultimately generate revenue for the city.

He requested modest increases for training and lodging to help staff obtain professional certifications through the Treasurer's Association of Virginia, highlighting that most employees are relatively new and still in the certification process. Additionally, he proposed a notable increase in postage costs due to changes in stormwater billing, which will now apply to previously exempt properties, as well as a broader effort to send more notices to prevent delinquency.

Overall, Yancey's presentation focused on improving collection efficiency, investing in staff development, and adjusting resources to reflect operational changes and increased workload, while maintaining a relatively modest overall budget impact.

Commissioner of Revenue: Amanda Kidd presented on behalf of the Commissioner of the Revenue's Office, outlining the department's responsibilities, priorities, and budget needs. She began by providing context on the role of the Commissioner as an elected official and the wide range of tax-related duties handled by the office, including taxpayer assistance and coordination with DMV services.

Her primary focus was on three key priorities. First and most urgent is improving office security and infrastructure. She emphasized that the current setup lacks adequate safeguards for sensitive taxpayer information and financial transactions. The office does not have proper service windows or private spaces for confidential discussions, creating both privacy and safety concerns. With the addition of DMV services and the handling of cash and cigarette tax stamps, she stressed that the need for secure facilities has become critical and has been an ongoing request for several years.

The second priority involves personnel needs, particularly the addition of a tax auditor position. Kidd explained that new responsibilities—especially enforcement related to cigarette taxes—require staff to conduct field audits, confiscate non-compliant products, and ensure businesses are properly licensed. Due to limited staffing, these duties are difficult to carry out effectively and safely, often requiring multiple staff members to leave the office. While this position would not directly generate savings, it is necessary to meet state requirements and improve compliance and enforcement.

The third priority includes general operational needs such as replacing broken office furniture, increasing funding for staff training and certifications, and covering rising costs associated with maintaining required credentials for services like DMV Select. She noted that current training budgets are insufficient and require internal reallocations to meet basic needs.

In conclusion, Kidd emphasized that these investments would improve efficiency, ensure accurate tax administration, enhance employee retention, and most importantly, provide a secure environment for both staff and taxpayers. Council members acknowledged the longstanding security concerns and indicated interest in exploring solutions to address them.

Economic Development: Charles Bennett presented a concise overview of the Economic Development Department's budget and long-term strategy, emphasizing that there are no requested increases to the operational budget for the upcoming year. He highlighted the success of the Business Retention and Expansion Specialist position funded the previous year, noting its positive impact on supporting local businesses.

Bennett focused primarily on two long-term, 10-year strategic plans aimed at positioning the city for sustainable economic growth. He stressed the importance of aligning projects with the city's Comprehensive Plan and Economic Development Strategic Plan, and of prioritizing initiatives that add the most long-term value. Among the projects discussed, he noted progress on previously funded efforts such as the Riverwalk extension to the marina, which is moving forward with strong contractor interest.

He also outlined key waterfront investment priorities, including the renovation of the marina store into a restaurant with an outdoor patio, for which designs are complete and ready for permitting. Additionally, he emphasized the importance of developing a riverfront comprehensive overlay plan, describing it as a critical strategic initiative for guiding future development along the waterfront.

While many projects are identified, Bennett acknowledged that not all can be executed at once and indicated that prioritization will be guided by Council's direction. He reiterated his role in executing Council's vision and investing resources strategically to drive economic growth and enhance the city's long-term position.

#### **R-7 Fiscal Year 27 Budget –Stacey Jordan, Deputy City Manager**

Stacey Jordan presented the preliminary proposed Fiscal Year 2027 budget, noting that it will continue to be refined based on updated revenue information and further discussions with departments. She explained that the budget aims to maintain current service levels while prioritizing capital funding where possible, building reserves if excess revenue remains, and continuing implementation of the classification and compensation study across departments. Key assumptions include a 2% cost-of-living adjustment, step increases for police and fire, and adoption of the more moderate "Option B" health insurance increase at 6% rather than the originally projected 15%.

Jordan highlighted several revenue adjustments, including updated cigarette tax estimates, increased public corporation revenue, and higher fine collections, particularly from school zone enforcement. On the expenditure side, most departments reflect modest increases tied primarily to salaries, with some restructuring and cost-saving measures—such as eliminating a finance position and reallocating roles—helping offset costs. She also noted a significant savings of

approximately \$140,000 from moving CSA services under the Department of Social Services, reducing the city's financial burden.

She provided an overview of major funding allocations, including transfers to schools, social services, recreation, and capital projects, while noting that capital funding is currently limited but may increase as revenues are reassessed. Debt service is projected to decline in the near term despite new borrowing, due to delayed repayment schedules. The presentation also included, for the first time, a breakdown of constitutional officers' budgets and state reimbursements, illustrating the city's share of those costs.

Jordan concluded by outlining the next steps in the budget process, including upcoming council workshops, continued internal reviews, and community engagement through public town halls to improve transparency and understanding of the budget.

**ADJOURNMENT**

Respectfully Submitted,

Sade' Allen

Sade' Allen, City Clerk

**\*\* Supporting Documents attached**

  
\_\_\_\_\_  
Johnny Martin, Mayor



**RESOLUTION APPROVING OFFICE LEASES AND LEASE AMENDMENTS FOR SPACE IN THE WILLIAMS BUILDING**

**WHEREAS**, the City of Hopewell requires adequate office space to support the operations of Public Works and Healthy Families programs;

**WHEREAS**, the City has negotiated proposed office leases and/or lease amendments for space located in the Williams Building, including Suites 200, 201, 203, 205 (Public Works), Suites 215, 220, 310, 312, and 314 (Healthy Families), and Suite 310 (Healthy Families); and

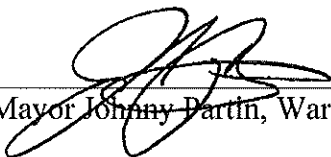
**WHEREAS**, the City Council of Hopewell, Virginia finds that entering into these leases is necessary for the continued provision of City services and is in the best interest of the City.  
NOW, THEREFORE,

**BE IT RESOLVED** by Council that the proposed office leases and lease amendments for space in the Williams Building, as described herein and in substantially the form attached hereto, are hereby approved.

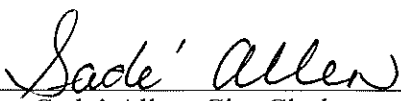
**BE IT FURTHER RESOLVED** that the City Manager is hereby authorized and directed to execute the leases and any related documents on behalf of the City, in substantially the form attached to this resolution, with such minor modifications as may be approved by the City Manager and the City Attorney as necessary and appropriate.

ADOPTED BY THE CITY COUNCIL OF HOPEWELL, VIRGINIA on March 24, 2026

Witness this signature and seal

  
\_\_\_\_\_  
Mayor Johnny Partin, Ward 3

VOTING AYE: Councilor Ellis  
Councilor Daye  
Councilor Wheat  
Councilor Rapole  
Vice Mayor Joyner  
Councilor Harris  
Mayor Partin

ATTEST:   
\_\_\_\_\_  
Sade' Allen, City Clerk



THIS AMENDMENT TO LEASE AGREEMENT, hereinafter called this "Amendment," made as of March 13, 2026 by and between CJW III, LLC, hereinafter called "Lessor", party of the first part and City of Hopewell, hereinafter called "Lessee", party of the second part,

WITNESSETH:

WHEREAS, Lessor and Lessee are the parties to a LEASE AGREEMENT made as of June 30, 2022, hereinafter called the "Agreement," and relating to a lease of certain portion of a property located in the City of Hopewell, Virginia with a street address of 224 North Main Street, Suites 200, 201, 203 and 205 (the "Leased Premises"), as more particularly described in the Agreement.

WHEREAS, Lessor and Lessee have agreed to amend the Agreement as hereinafter set forth;

AGREEMENT:

NOW, THEREFORE, for and in consideration of the agreements set forth in the Agreement, Lessor and Lessee hereby agree as follows:

1. LEASE EXTENSION.

months

Initial  
MCR

This Lease shall be extended for a term of twenty-seven (27) ~~years~~ beginning on April 1, 2026 ending on June 30, 2028.

2. RENT.

For the term of the Lease beginning on April 1, 2026 and ending on June 30, 2028, Lessee shall pay to Lessor the following:

Beginning	Ending	Monthly Rent	Yearly Rent
April 1, 2026	June 30, 2026	PAID IN FULL	
July 1, 2026	June 30, 2027	\$2,652.25	\$31,827.00
July 1, 2027	June 30, 2028	\$2,731.82	N/A

Rent is paid in advance with the first installment due and payable upon the first day of July 1, 2026 and on the first day of each month thereafter.

3. EARLY TERMINATION. Notwithstanding anything contained herein to the contrary, Tenant, in its sole discretion, shall have the right to terminate this Lease as of December 31, 2027 (the "Early Termination Date"). The Early Termination Date shall be any date on or after December 31, 2027. In order to exercise this early termination right, Tenant must give Landlord written notice at least ninety (90) days before the Early Termination Date. Upon the date Tenant specifies for the Early Termination Date, Tenant shall be fully and forever

released and discharged from any and all obligations, covenants or liabilities of whatsoever kind or nature in law or equity or otherwise arising out of or in connection with this Lease or any other agreements by and between Landlord and Tenant, except any obligation or liability that expressly survives such termination.

4. **CONDITION OF LEASED PREMISES.** Lessee acknowledges and agrees that Lessor shall have no obligation to make or pay for any improvements to the Lease Premises in connection with this Amendment and Lessee accepts the Leased Premises in its "AS IS" condition.

5. **FORCE AND EFFECT.** Except as expressly modified herein, the terms and conditions of the Agreement are hereby ratified and confirmed and shall remain unchanged and in full force and effect. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument, and electronic signatures shall be deemed to be original signatures and of the same force and effect.

WITNESS the following signature pursuant to due authority:

LESSOR: CJW III, LLC.

By: DocuSigned by:  
C. James Williams III  
F887F8D281D040B...  
C. James Williams, Managing Member

Dated: 3/19/2026

LESSEE: City of Hopewell

By: Signed by:  
Michael C. Rogers  
AEE0CB017A8D409...

Dated: 3/26/2026

THIS AMENDMENT TO LEASE AGREEMENT, hereinafter called this "Amendment," made as of March 9, 2026 by and between CJW III, LLC, hereinafter called "Lessor", party of the first part and City of Hopewell, hereinafter called "Lessee", party of the second part,

WITNESSETH:

WHEREAS, Lessor and Lessee are the parties to a LEASE AGREEMENT made as of February 1, 2023, hereinafter called the "Agreement," an ADDENDUM TO AGREEMENT OF LEASE, made as of July 20, 2023, hereinafter called the "Addendum" and relating to a lease of certain portion of a property located in the City of Hopewell, Virginia with a street address of 224 North Main Street, Suites 207, 215, 220, 310, 312 and 314 (the "Leased Premises"), as more particularly described in the Agreement.

WHEREAS, Lessor and Lessee have agreed to amend the Agreement as hereinafter set forth;

AGREEMENT:

NOW, THEREFORE, for and in consideration of the agreements set forth in the Agreement, Lessor and Lessee hereby agree as follows:

1. LEASE EXTENSION.

This Lease shall be extended for a term of twenty-seven (27) months beginning on April 1, 2026 ending on June 30, 2028.

2. RENT.

For the term of the Lease beginning on April 1, 2026 and ending on June 30, 2028, Lessee shall pay to Lessor the following:

Beginning	Ending	Monthly Rent	Yearly Rent
April 1, 2026	March 31, 2027	\$2,884.00	\$34,608.00
April 1, 2027	March 31, 2028	\$2,970.52	\$35,646.24
April 1, 2028	June 30, 2028	\$3,059.64	N/A

Rent is paid in advance with the first installment due and payable upon the first day of April, 2026 and on the first day of each month thereafter.

3. CONDITION OF LEASED PREMISES. Lessee acknowledges and agrees that Lessor shall have no obligation to make or pay for any improvements to the Lease Premises in connection with this Amendment and Lessee accepts the Leased Premises in its "AS IS" condition.

4. EARLY TERMINATION. Notwithstanding anything contained herein to the contrary, Tenant, in its sole discretion, shall have the right to terminate this Lease as of December 31, 2027 (the "Early Termination Date"). The Early Termination Date shall be any date on or after December 31, 2027. In order to exercise this early termination right, Tenant must give Landlord written notice at least ninety (90) days before the Early Termination Date. Upon the date Tenant specifies for the Early Termination Date, Tenant shall be fully and forever released and discharged from any and all obligations, covenants or liabilities of whatsoever kind or nature in law or equity or otherwise arising out of or in connection with this Lease or any other agreements by and between Landlord and Tenant, except any obligation or liability that expressly survives such termination.

5. FORCE AND EFFECT. Except as expressly modified herein, the terms and conditions of the Agreement are hereby ratified and confirmed and shall remain unchanged and in full force and effect. This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument, and electronic signatures shall be deemed to be original signatures and of the same force and effect.

WITNESS the following signature pursuant to due authority:

LESSOR: CJW III, LLC.

By: DocuSigned by:  
C. James Williams III  
FB87F8D2B4D8468... \_\_\_\_\_ Dated: 3/19/2026  
C. James Williams, Managing Member

LESSEE: City of Hopewell

By: Signed by:  
Michael C. Rogers  
AEE6CB017A8D409... \_\_\_\_\_ Dated: 3/26/2026

THIS LEASE AGREEMENT (this "Lease"), made as of March 13, 2026 by and between CJW III, LLC., ("Lessor"), party of the first part, and City of Hopewell, ("Lessee"), party of the second part, witnesseth:

That for and in consideration of the rents reserved, and the mutual covenants, conditions and agreements as hereinafter set forth, Lessor and Lessee hereby agree as follows:

1. LEASED PREMISES: Lessor hereby leases and demises to Lessee, and Lessee hereby rents from Lessor a portion of a building and land situated in the City of Hopewell, Virginia, designated by street address as 224 N. Main Street, Suite 301 (the "Leased Premises").

Occupancy of the Leased Premises by Lessee shall constitute its acceptance of the Premises "as-is". Lessee acknowledges that neither Lessor nor Specter Properties, Inc. ("Broker") has made any warranties or representations, oral or written, as to the use or fitness of the Leased Premises for any particular purpose. Neither Lessor nor Broker shall be responsible for obtaining any governmental approvals and permits necessary to enable Lessee to occupy or use the Leased Premises and such approvals and permits shall be the sole responsibility of Lessee. Neither Lessor nor Broker shall be responsible for obtaining any certificates of occupancy or other approvals required in connection with construction work done by Lessee or contractors engaged by Lessee.

2. TERM: This Lease shall be for a term of twenty-seven (27) months beginning on April 1, 2026 and ending on June 30, 2028, unless sooner terminated pursuant to the provisions of this Lease.

3. RENT: For the term of the Lease, beginning on April 1, 2026 and ending on June 30, 2028, Lessee shall pay to Lessor the rent amount of Ten Thousand Eight Hundred Dollars (\$10,800.00), which shall be payable in equal monthly installments of Four Hundred Dollars (\$400.00), in advance. The first installment shall be due and payable upon the first day of April 1, 2026 and on the first day of each month thereafter.

Lessee shall also pay Lessor a late charge of ten percent (10%) of any rent not paid to Lessor or Lessor's designee within five (5) business days after it is due and Lessee shall pay Lessor an additional late charge of ten percent (10%) of any rent not paid within twenty (20) business days after it is due.

Rent payments by Lessee shall be made payable to Specter Properties, Inc. and mailed to P.O. Box 2455 Chesterfield, VA 23832 or at such other place that Lessor may designate by notice to Lessee.

In the event Lessee issues a check for non-sufficient funds, Lessee will be subject to a \$50.00 service fee and will be required to make rental payments in the form of a money order or cashier's check for the duration of the lease term.

4. SECURITY DEPOSIT: NONE

5. OPTION TERM AND RENT: NONE

6. HOLDOVER: If Lessee remains in possession of the Leased Premises at the end of the term or option term, if taken, this Lease will automatically continue on a month-to-month basis at a monthly rate of the previous month's rent upon the same provisions, covenants and

conditions until terminated by thirty (30) days notice by either Lessor or Lessee. Such thirty (30) day notice by either Lessor or Lessee becomes effective on the first day of the month following written notice unless such notice is given on the first day of the month, in which case the notice becomes effective immediately.

7. DELIVERY OF POSSESSION TO LESSEE: Lessor shall deliver possession of the Leased Premises to Lessee on the date of the commencement of this Lease. If Lessor is unable to give possession of the Leased Premises on the date of commencement of the Lease term because the Leased Premises are not ready for occupancy, or because a Temporary Certificate of Occupancy has not been procured, or for any other reason, Lessor shall not be subject to any liability for such inability to give possession. In such case of Lessor unable to give possession, Lessee will not be required to pay rent until possession is granted.

8. USE AND OCCUPANCY: Lessor grants Lessee the right to use the Leased Premises for a business office. Lessee shall restrict its use to such purposes and shall not permit the Leased Premises to be used for any other purpose(s) without written consent of Lessor, which consent shall not be withheld unreasonably, conditioned or delayed. Lessee shall (A) remove all trash accumulated in connection with its use of the Leased Premises, (B) permit no nuisance in the Leased Premises which will include the grounds and parking areas, (C) keep the building on the Leased Premises free of insects and other pests, (D) not permit smoking in the building on the Leased Premises, (E) immediately provide a key to Lessor and his agent in the event Lessee rekeys or replaces the locks (F) not authorize any new wiring on the exterior of the building to include but not limited to cable, phone, etc. without prior written permission from Lessor and/or Lessor's agent. This includes any drilling, signage or other items on the exterior of the building, and (G) use the Leased Premises in a manner which complies with all laws, ordinances and regulations applicable thereto, including without limitation all laws, ordinances and regulations relating to hazardous and/or toxic materials. Lessee warrants that it will not allow hazardous and/or toxic materials on the Leased premise. Lessee shall indemnify Lessor from liability for damage and loss including any costs arising out of the presence of hazardous substances on the Leased Premises, along with reasonable attorney's fees, incurred by Lessor as a result of such action, unless the hazardous and/or toxic materials were placed on the Leased Premises by Lessor or Lessor's representatives.

9. REPAIRS AND MAINTENANCE: Lessor shall make all necessary repairs to the Leased Premises, except where the repair has been made necessary by misuse or neglect by Lessee or Lessee's agents, servants, visitors or licensors.

Lessor shall not be liable for the interruption of any of the above-mentioned Systems caused by strikes, lockouts, accidents or other causes beyond the reasonable control of Lessor, except due to the gross negligence or willful misconduct of Lessor. Any interruption of such Systems shall never be deemed an eviction or disturbance of Lessee's use and possession of the Leased Premises or any part thereof, or render Lessor liable to Lessee for damages, or relieve Lessee from performance of Lessee's obligation under this Lease, unless the interruption is the result of gross negligence or willful misconduct by Lessor. Lessor shall use its best efforts to restore the interrupted Systems within a reasonable time after interruption if the cause of interruption is subject to Lessor's control. Lessee will be responsible for its own internet, cable television and telephone services.

10. UTILITIES: The Lessor shall pay all charges or fees for use or consumption of all utilities provided to the Leased Premises, together with any tax thereon. Lessee will make reasonable efforts to control these utilities in a manner that is satisfactory to Lessor, in Lessor's sole opinion. Lessor does not furnish telephone or telephone services.

Lessee shall not install electrical circuits or equipment which will cause usage of electricity within the Leased Premises to be above normal electrical usage for allowed use of the space addressed in Item #8 above.

Lessor shall not be liable for the interruption of any of the above-mentioned utilities caused by strikes, lockouts, accidents or other causes beyond the reasonable control of Lessor, except due to the gross negligence or willful misconduct of Lessor. Any interruption of service shall never be deemed an eviction or disturbance of Lessee's use and possession of the Leased Premises or any part thereof, or render Lessor liable to Lessee for damages, or relieve Lessee from performance of Lessee's obligation under this Lease, unless the interruption is the result of gross negligence or willful misconduct by Lessor. Lessor shall use its best efforts to restore the interrupted service within a reasonable time after interruption if the cause of interruption is subject to Lessor's control. Lessee will be responsible for its own internet, cable television and telephone services.

11. TAXES: Lessor will pay all real estate taxes and assessments on the Leased Premises. Lessee will pay all personal property taxes and any other taxes assessed against its property on the Leased Premises.

12. DAMAGES TO LEASED PREMISES: If the Leased Premises or any part thereof are damaged by fire, the elements, or any other casualty, not caused by the negligence or willful act or omission of Lessee or Lessee's employees, agents or invitees and remains wholly tenantable, Lessor shall at its own expense cause such damage to be repaired and the rent shall not abate. If by any reason of such occurrence the Leased Premises shall be rendered untenable only in part, Lessor shall at its own expense cause such damage to be repaired and, until the repairs are performed, the rent shall abate proportionately as to the portion of the Leased Premises rendered untenable. If by reason of such occurrence the Leased Premises shall be rendered wholly untenable, Lessor shall at its own expense cause such damage to be repaired and, until the repairs are performed, the rent shall abate in full, provided, however, that Lessor shall have the right to be exercised by notice given to Lessee within sixty (60) days after the date of such occurrence, to elect not to repair the Leased Premises, and in such event this Lease shall be terminated as of the date of such occurrence, and the rent will be prorated as of such date. If by reason of such occurrence the Leased Premises are rendered wholly untenable for more than ninety (90) days, Lessor will have the right to terminate this Lease by giving written notice to Lessee and the rent will be prorated as of the date of such occurrence. If any such damage is caused by negligence of Lessee and/or Lessee's employees, agents or invitees, there shall be no abatement of rent or right of Lessee to terminate this lease during any reasonable period required for repairs.

13. ALTERATIONS: Lessee shall not make any alterations to the Leased Premises without the prior written consent of Lessor, which consent shall not be withheld unreasonably, conditioned or delayed with respect to non-structural alterations. If consent is given by Lessor, any alteration shall become the property of Lessor unless otherwise agreed in writing by Lessor and Lessee.

14. INDEMNIFICATION AND HOLD HARMLESS: Lessee, to the extent permitted by the law and Lessor shall indemnify and save each other harmless from and against any and all liabilities, claims and costs (including reasonable attorney's fees, penalties and fines) for death, injury or damages to persons, or property during the term of this Lease, arising from (a) any default by each in the performance of its obligations under this Lease, (b) the manner of each party's use and occupancy of the Leased Premises, or (c) any acts, omissions, or negligence of each party or its agents, employees, contractors or invitees. If any action or proceeding is brought against the other based upon any such claim, the party at fault shall cause such action to be defended, at its expense, by counsel reasonably satisfactory to the other party. This hold harmless and indemnity shall survive termination of this Lease.

15. WARRANTIES OF LESSOR: Lessor warrants and represents unto Lessee that: (a) Lessor is the owner of the Leased Premises and the person signing this Lease on behalf of Lessor is duly authorized to do so, (b) to the best of Lessor's knowledge, there are no pending proceedings or plans to change the zoning of the Leased Premises and (c) neither the Leased Premises nor any portion thereof is being condemned or taken by eminent domain and to the best of Lessor's knowledge, no such proceedings are contemplated by any lawful authority.

16. INSURANCE: At all times while this Lease is in effect, Lessor shall maintain fire and extended insurance covering the Leased Premises for its full replacement value and Lessee shall not do or permit anything to be done to the Leased Premises, or bring or keep anything therein, which will increase the rate of fire insurance. Lessee shall maintain (A) insurance covering its property for its full replacement value and (B) comprehensive general liability insurance with a combined single limit of at least \$1,000,000.00 for injury to person (including, but not limited to, death) and damage to the Leased Premises, covering Lessee and Lessor (as an additional insured) for the actions of Lessee and Lessee's employees and agents. The insurance policy required by this paragraph shall provide that Lessor shall be notified by the insurance company at least thirty (30) days before any cancellation, termination or non-renewal of the policy, and all of the policies required by this paragraph shall be endorsed to prohibit subrogation by the insurance company against Lessor or Lessee or any employee or agent of Lessor or Lessee. Lessee shall furnish Lessor with a certificate or other evidence from the insurance company confirming that any coverage required by this paragraph is in effect.

17. CONDEMNATION: If the whole of the Leased Premises, or such portion thereof as will make the Leased Premises unsuitable or untenable for Lessee's continued use, is condemned for any public use or purpose by any legally constituted authority then, such event, either Lessor or Lessee may elect to terminate this Lease effective as of the date Lessee must surrender possession of the portion of the Leased Premises that is condemned and the rent shall be prorated as of such date. Such termination shall be without prejudice to the rights of either Lessor or Lessee to recover compensation from the condemning authority for their respective loss or damage caused by such condemnation. Neither party shall have any rights in or to any

award made to the other by the condemning authority. Lessee hereby assigns to Lessor any award or payment which is payable for the fee simple value of the real estate.

18. SUBLEASE OR ASSIGNMENT BY LESSEE: Lessee may not mortgage, pledge or otherwise encumber this Lease. Lessee may not assign this Lease nor sub-let the property without the expressed written consent of Lessor being first obtained, which consent shall not be unreasonably withheld. Even if Lessor's consent is given, no subletting or assignment shall release Lessee from any present or future obligation pursuant to this Lease or alter the primary liability and obligation of Lessee to pay the rent and to perform all other obligations to be performed by Lessee hereunder.

19. SUBORDINATION OF LEASE: This Lease, and any modification of this Lease, shall be subordinate to any first lien Deed of Trust against the Leased Premises. Lessee agrees to execute any document(s) necessary to effectuate such a subordination so long as such document(s) acknowledge Lessee's right to continue in possession of the Leased Premises pursuant to this Lease so long as Lessee is not in default under the terms of this Lease.

20. SURRENDER OF PREMISES: Lessee shall peaceably surrender the Leased Premises to Lessor on the expiration date or earlier termination of this Lease, with the buildings in broom-clean condition and in as good condition (except for reasonable wear and tear) as when Lessee took possession. Before surrendering the Leased Premises, Lessee will remove its personal property from the Leased Premises and will repair any damage to the Leased Premises resulting from the installation and/or removal of such personal property. Any of Lessee's equipment and other property left on or in the Leased Premises after the expiration date or earlier termination of this Lease shall be deemed to be abandoned, and at Lessor's option, title thereto shall pass to Lessor under this Lease.

21. DEFAULT BY LESSEE: Each of the following shall constitute an Event of Default by Lessee:

(a) Failure of Lessee to pay any rent or late charge within 15 days after it is due. Lessor shall have no obligation to give Lessee notice of such default.

(b) Failure of Lessee to perform any obligation of Lessee under this Lease, other than the payment of rent or late charge, within 15 days after Lessor gives Lessee notice that Lessee has failed to perform such obligation.

(c) Lessee abandons or vacates the Leased Premises and ceases paying rent to Lessor as and when due.

(d) The filing of a petition by or against Lessee under any provision of any bankruptcy or insolvency law, or the appointment of a receiver for Lessee, or an assignment by Lessee for the benefit of one or more creditors of Lessee.

22. LESSOR'S REMEDIES: Upon the occurrence of a default by Lessee, Lessor may at its option terminate this Lease by notice to Lessee, in which event Lessor shall have the right to enter the Leased Premises and take possession thereof, and Lessor shall have the right to resort to any other remedies provided by law or equity, including but not limited to the right to distrain upon any and all property of Lessee located in or on the Leased Premises. Lessee agrees to pay all reasonable costs, including but not limited to reasonable attorney's fees, incurred by Lessor as a result of such default.

23. ENTRY BY LESSOR: Lessor and/or its agent shall have the right to enter the Leased Premises at reasonable times during Lessee's business hours for any reasonable purpose. Beginning six months before the end of this Lease, Lessor and/or his agent shall have the right to show the Leased Premises to prospective Lessees and/or Purchasers provided this is done at reasonable times and does not interfere with Lessee's use of the Leased Premises. Lessor and/or his agent may also place a "Lease or Sale" sign on the Leased Premises.

24. NOTICES: All notices, demands, requests, consents, approvals, offers, statements and other instruments or communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been given when delivered by Federal Express or UPS to the following addresses:

LESSOR:		LESSEE:	
Name:	C. James Williams, III	Name:	
Company:	CJW III, LLC	Company:	City of Hopewell
Address:	1527 Huguenot Road, Suite 201	Address:	300 North Main Street
City/St/Zip:	Midlothian, VA 23113	City/St/Zip:	Hopewell VA, 23860
Phone:		Phone:	
Email:	jim@burnettwilliams.com	Email:	

Each notice given as provided in this paragraph shall be considered to have been given on the date of delivery. Either Lessor or Lessee may change its address by notice to the other.

25. MECHANIC'S LIENS: Lessee shall not permit any mechanic's or materialmen's liens to be filed against or upon the Leased Premises for work claimed to have been done for, or materials claimed to have been furnished to Lessee. Lessee, at its sole cost and expense, including but not limited to attorney's fees incurred in connection with the discharge of a lien or the filing of any bond required by law, shall cause any such lien to be released or discharged within ten (10) days after notification of the filing thereof by Lessor.

26. SIGNS: Before installing any signs (which must comply with City or County sign ordinances), Lessee will obtain the prior consent of Lessor, which consent will not be unreasonably withheld. Lessee will remove any such signs at the end of the Lease and will repair any and all damage caused by or due to the installation, maintenance and/or removal of such signs.

27. NO AGENCY: Nothing in this Lease will be construed to constitute Lessor and Lessee as an agent of the other or to constitute Lessor and Lessee as partners or joint ventures.

28. AMENDMENT OR MODIFICATION: This Lease may not be amended, modified or terminated, nor may any obligation hereunder be waived orally, and no such amendment, modification, termination or waiver shall be effective for any purpose whatsoever unless it is in writing signed by the party against whom enforcement thereof is sought.

29. SEVERABILITY OF PROVISIONS: If any provisions of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such provision shall not be affected thereby.

30. AGENCY DISCLOSURE/COMMISSION: Kevin Y. Specter, Mark B. Specter and Specter Properties, Inc. have acted on behalf of and represented Lessor in this transaction. Lessor shall have the sole responsibility to pay all fees and commissions due to Specter Properties, Inc. with such payment to be made pursuant to an agreement that is separate from this Lease. Lessor and Lessee each covenants to the other that it has not incurred or created any other obligation to pay a commission or other amount to any broker, agent or finder in connection with this Lease and each agrees to indemnify and save the other harmless from and against any and all liability, damages and expenses incurred by the other because the indemnifying party incurred or created such an obligation to pay such a commission or other amount.

31. TRANSFER OF PROPERTY: In the event of the sale of the Leased Premises by Lessor subject to the terms and provisions of this Lease, Lessor shall thereupon be released from all liability, assuming the liability is assumed by new Lessor.

32. NON-WAIVER OF FUTURE PERFORMANCE: The failure of Lessor to insist upon strict performance of any of the covenants, conditions or agreements of this Lease, or to exercise any option herein conferred, shall not be construed as a waiver or relinquishment of the future performance of any such covenants, conditions, agreements or options, but the same shall be and remain in full force and effect.

33. BINDING EFFECT: This Lease shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

34. QUIET ENJOYMENT: Upon due performance of the covenants and agreements to be performed by Lessee under the terms and provisions of this Lease, Lessor covenants that Lessee shall and may at all times peaceably and quietly have, hold and enjoy the Leased Premises during the term of this Lease.

35. GENDER: Any word contained in the text of this Lease shall read as the singular or the plural and as the masculine, feminine or neutral gender as may be applicable in the particular context.

36. ENTIRE AGREEMENT: This Lease contains all of the agreements of the parties and cannot be changed unless in writing and signed on behalf of both Lessor and Lessee.

37. LAW TO BE APPLIED: This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

38. LEASE TERMINATION: Notwithstanding anything contained herein to the contrary, Tenant, in its sole discretion, shall have the right to terminate this Lease as of December 31, 2027 (the "Early Termination Date"). The Early Termination Date shall be any date on or after December 31, 2027. In order to exercise this early termination right, Tenant must give Landlord written notice at least ninety (90) days before the Early Termination Date.

Upon the date Tenant specifies for the Early Termination Date, Tenant shall be fully and forever released and discharged from any and all obligations, covenants or liabilities of whatsoever kind or nature in law or equity or otherwise arising out of or in connection with this Lease or any other agreements by and between Landlord and Tenant, except any obligation or liability that expressly survives such termination.

39. COUNTERPARTS AND SIGNATURES: This lease may be executed in counterparts, each of which shall be an original and all of which, when taken together, shall constitute one and the same instrument. An electronic (e-mail) signature or DocuSign on this Lease shall have the same force and effect as an original signature for the purposes of this Lease.

40. LIMITATION OF LESSOR'S LIABILITY: The obligation and liability of Lessor hereunder shall be binding only upon its interest in the property where the Leased Premises is located, and not upon any other assets of Lessor or any member of Lessor personally. Lessee agrees to look solely to the equity of Lessor in the property where the Leased Premises is located for the satisfaction of any remedies of Lessee or judgement obtained by Lessee as a result of a breach by Lessor of this Lease. Such exculpation of liability shall be absolute and without any exception whatsoever.

WITNESS the following signatures pursuant to due authority:

**LESSOR: CJW III, LLC.**

By: DocuSigned by:  
*C. James Williams III*  
F287F8E2B1D849B (SEAL)  
C. James Williams III, Managing Member

**LESSEE: City of Hopewell**

By: Signed by:  
*Michael C. Rogers*  
AEE6C8D17A8D409 (SEAL)

**RESOLUTION APPROVING OFFICE LEASE FOR THE 200 NORTH MAIN STREET BUILDING**

**WHEREAS**, the City of Hopewell requires adequate and appropriate office space to support the operations of multiple City departments to conduct the business of the City;

**WHEREAS**, The City has identified space constraints, deficiencies and accessibility barriers in several city of Hopewell “public facing” departments.

**WHEREAS**, The City is committed to providing a safe work environment that is barrier free and accessible to both employees and general public

**WHEREAS**, the City has negotiated a proposed office lease for space located at the 200 North Main Street Building to accommodate these departments; and

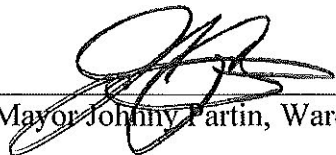
**WHEREAS**, the City Council of Hopewell, Virginia finds that entering into this lease is in the best interest of the City and necessary to ensure the continued delivery of municipal services. NOW, THEREFORE,

**BE IT RESOLVED** by Council that the office lease for space located in The 200 North Main Street Building is hereby approved.


**BE IT FURTHER RESOLVED** that the City Manager is hereby authorized and directed to execute the leases and any related documents on behalf of the City, in substantially the form attached to this resolution, with such minor modifications as may be approved by the City Manager and the City Attorney, as necessary and appropriate.

ADOPTED BY THE CITY COUNCIL OF HOPEWELL, VIRGINIA on March 24, 2026

Witness this signature and seal

  
\_\_\_\_\_  
Mayor Johnny Partin, Ward 3

VOTING AYE: Councilor Ellis  
Councilor Daye  
Councilor Wheat  
Councilor Rapole  
Vice Mayor Joyner  
Councilor Harris  
Mayor Partin

ATTEST:   
\_\_\_\_\_  
Sade' Allen, City Clerk



MAS

## 200 NORTH MAIN OFFICE BUILDING SPACE LEASE

THIS OFFICE BUILDING SPACE LEASE is made and entered into as of April 7, 2026 ("**Date of this Lease**"), by and between ELDER BUILDING, LLC a Virginia Limited Liability Company ("**Landlord**"), and City of Hopewell, Virginia, a political subdivision of the Commonwealth of Virginia ("**Tenant**").

### WITNESSETH:

Landlord hereby leases to Tenant for the term and upon the conditions and agreements hereinafter set forth, approximately 10,930 rentable square feet (9,937 gross with estimated 10% common area core factor) within 111 and 107 W. Poythress Street and the 2<sup>nd</sup> floor of 200 N. Main Street in Hopewell. These areas are more particularly shown or described on Exhibit A attached hereto and incorporated herein (the "**Premises**"), together with the non-exclusive right in common with the other tenants and occupants of the hereinafter defined "Building" to use and occupy the hereinafter defined "Common Areas." The Premises are located on the 1<sup>st</sup> and 2<sup>nd</sup> floors of the Building (the "**Building**") on the land in Hopewell, Virginia described on Exhibit B attached hereto and incorporated herein (the "**Land**"), having addresses of 200 N. Main Street, 111 and 107 W. Poythress Street, Hopewell, VA 23860. As used herein the term "**Common Areas**" shall mean and include all entrances, lobbies, corridors, stairways, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, sidewalks, driveways, and landscaped areas, located in, on, adjacent to or under the Building or the Land. Notwithstanding anything to the contrary set forth herein, Landlord and Tenant acknowledge that the square footage of the Premises and the Building set forth above are approximations and that within thirty (30) days prior to the "Commencement Date" (as hereinafter defined), an architect or engineer satisfactory to Landlord and Tenant shall, at Landlord's sole cost and expense, measure and calculate the rentable square footage of the Premises and the Building in accordance with the Building Owners and Managers Association Standard for Measurement of Office Space (ANSI/BOMA Z65.1-2017) and in the event of any discrepancy between the measured rentable square footage of the Premises or the Building and the rentable square footage of the Premises or the Building set forth above, Landlord and Tenant shall amend this Lease to incorporate the corrected square footage, the corrected amount of "Base Rent" set forth in Section 2.1 hereof and the corrected Tenant's "Proportionate Share" (as defined in Section 2.3), regardless of whether such adjustment, if any, causes an increase or a decrease in the rentable area of the Building or the Premises, the amount of the Base Rent or in Tenant's Proportionate Share.

### SECTION 1. TERM

1.1 Primary Term. The initial term of this Lease shall be for approximately fifteen (15) years commencing on the date (the "**Commencement Date**") which is the first day after the "Completion Date" (as defined in the Work Letter Agreement attached hereto as Exhibit C), and ending at 11:59 p.m. on the fifteenth anniversary of the last day of the calendar month in which the Commencement Date occurs, unless the Commencement Date is the first day of a month, in which event such date of expiration of the initial term

of this Lease shall be the day prior to the fifteenth anniversary of the Commencement Date (such term hereinafter called the "**Primary Term**"). Tenant shall have the right to enter upon the Premises prior to the Commencement Date for the purpose of moving and installing its trade fixtures, equipment and furniture; provided, however, Tenant shall obtain Landlord's consent to any such entry prior to the Completion Date, which consent shall not be unreasonably withheld. No rent shall accrue prior to the Commencement Date.

1.2 (a) Renewal Terms. Tenant shall have the right and option to extend the term of this Lease for two (2) additional terms of ten (10) years each (each such optional extended term is hereinafter called a "**Renewal Term**"). Each Renewal Term shall be on and subject to all of the same terms, covenants and conditions as herein contained; provided, however, "Base Rent" (as defined in Section 2.1 hereof) payable for a Renewal Term shall be determined pursuant to Section 1.2 (b) hereof. Tenant shall exercise the renewal options, if at all, by giving Landlord written notice of such exercise not less than one hundred twenty (120) days prior to the expiration of the Primary Term or the preceding Renewal Term, if applicable. Notwithstanding anything to the contrary set forth in this Lease, if the amount of Base Rent to be paid during the Renewal Term is determined by appraisal (and not by mutual agreement of the parties) pursuant to Section 1.2 (b) hereof, then Tenant shall have the right to revoke the exercise of its option to extend the term by delivering written notice of such revocation to Landlord within thirty (30) days after the receipt by Tenant of the written determination of the "Fair Market Rental Rate" (as defined in Section 1.2 (b) below) for the Premises. In the event of any such revocation, the term of this Lease shall end at the end of the then current Primary Term or Renewal Term, as the case may be.

(b) In the event Tenant exercises its option to extend the Term of this Lease pursuant to Section 1.2 hereof, then the annual Rent payable during the Renewal Term will be the then fair market rental rate, as determined using the definition of fair market value for the lease of real property which is defined in Section 24.14 of this Lease, (the "**Fair Market Rental Rate**") for property comparable to the Premises, leased on terms comparable to the terms of this Lease to a tenant under no compulsion to lease and not in possession of the Premises, for a term equal to such Renewal Term, and with annual percentage increases in the amount of Rent comparable to the annual increases in Rent set forth in Section 2(a) herein, as such Fair Market Rental Rate will be determined in accordance with the terms of this Section 1.2(b). During the thirty (30) day period following the delivery of Tenant's written notice exercising its option for the Renewal Term, Landlord and Tenant will attempt to agree on the Fair Market Rental Rate payable during such Renewal Term, and failing such agreement, Landlord and Tenant will attempt to agree within such thirty (30) day period on an appraiser to determine the Fair Market Rental Rate. If Landlord and Tenant are able to agree on the appraiser, then such appraiser will determine the Fair Market Rental Rate. If Landlord and Tenant are unable to agree as to the Fair Market Rental Rate or any such appraiser within such thirty (30) day period, then within 45 days after the date written notice exercising Tenant's extension option is delivered to Landlord, Landlord and Tenant will each designate a professional M.A.I. appraiser who is engaged in the business of appraising commercial rental property in the county in which the Building is located, and will notify each other of the appraiser

so selected. Within fifteen (15) days thereafter, the two appraisers so selected will select a third appraiser who is similarly qualified, and each of the three appraisers will determine the Fair Market Rental Rate of the Premises within thirty (30) days after the selection of the third appraiser. The Fair Market Rental Rate of the Premises will be determined by Landlord and Tenant, if they are able to agree thereto, by the appraiser selected by the agreement of Landlord and Tenant, if they are so able to agree as to the appraiser, or if three appraisers have been selected as above provided, then the Fair Market Rental Rate of the Premises will be the amount determined by agreement of two or more appraisers, or if two of the three appraisers do not agree, then the Fair Market Rental Rate of the Premises will be the amount determined by the appraiser whose valuation is neither the highest nor the lowest appraisal of the three appraisers. Each appraiser will notify Landlord and Tenant in writing of such appraiser's determination. Each party will bear the cost of the appraiser selected by it (unless the parties agreed as to the appraiser, in which event the cost of such appraiser will be divided equally between Landlord and Tenant) and all other costs of the appraisal (including the cost of the third appraisal) will be divided equally between Landlord and Tenant.

1.3 Definitions. The phrases "**Term**", "**term of this Lease**", "**Lease term**", or any other similar phrases used in this Lease shall be deemed to include, unless otherwise provided, the Primary Term and each of the Renewal Terms, if exercised, and any other renewals or extensions of this Lease. "**Lease Year**" shall mean the period beginning on the Commencement Date and ending on the first anniversary of the last day of the calendar month in which the Commencement Date occurs (unless the Commencement Date is the first day of a calendar month, in which event such first Lease Year shall end on the day prior to the first anniversary of the Commencement Date) and each twelve month period thereafter during the Term of this Lease.

## **SECTION 2. RENT**

2.1 Base Rent. (a) During the Primary Term, Tenant shall pay to Landlord as annual base rent for the Premises (the "**Base Rent**") the sum equal to \$240,475.00 (Two Hundred Forty Thousand Four Hundred and Seventy-Five dollars and zero cents) (which amount equals \$22.00 multiplied by the "Rentable Area" (as defined in Section 2.3 below) of the Premises); provided, however, beginning on the first day of the second Lease Year and on the first day of each Lease Year thereafter during the term of this Lease (each such date shall hereinafter be referred to as an "**Adjustment Date**"), Base Rent shall be adjusted to an amount equal to 103% of the annual Base Rent amount payable immediately preceding such Adjustment Date.

(b) Base Rent is payable in equal monthly installments (which shall be 1/12 of Base Rent, \$20,039.62), in advance beginning on the Commencement Date and thereafter on the first day of each calendar month during the term of this Lease. Base Rent shall be prorated for any partial calendar month at the beginning or the end of the Term. Such installments shall be paid, without demand or deduction, at Landlord's address set forth in Section 20, or at such other address as Landlord may designate.

(c) Landlord shall provide to Tenant Landlord's IRS Form W-9 certifying as to Landlord's Taxpayer Identification Number (TIN) and notwithstanding anything to the contrary set forth herein, Tenant shall not be required to deliver to Landlord the first payment of Rent until the later of the Commencement Date or the tenth business day after the date Landlord delivers to Tenant such Form W-9

2.2 Reimbursement of Operating Expenses. (a) For each calendar year or part thereof during the Term, Tenant shall reimburse Landlord for the "Operating Expenses" (as defined in Section 2.3 below) for such calendar year.

(b) Tenant shall reimburse and pay to Landlord the Operating Expenses in monthly installments beginning on the date of the first payment of Base Rent, and thereafter on the first day of each month, in such amounts as are estimated by Landlord and approved by Tenant, which approval shall not be unreasonably withheld, but after the first full calendar year of the Lease term said monthly installment shall not exceed 1/12 of the Operating Expenses for the preceding calendar year. Tenant's Operating Expense payment shall be prorated for any partial month at the beginning or end of the Term. In the event any element of Operating Expenses is incurred or paid by Landlord in connection with the Building and other buildings, Tenant's obligation as to such element of Operating Expenses shall be limited to Tenant's "Proportionate Share" of such element of Operating Expenses, which is defined as a fraction, the numerator of which equals the Rentable Area of the Premises and the denominator of which equals the Rentable Area of the Premises plus the Rentable Area of the Building and of all other buildings on which such element of Operating Expenses is incurred or paid.

(c) Within 90 days after the end of each calendar year during the term hereof, Landlord shall furnish Tenant with a statement (the "Annual Statement") which shall show (i) the Operating Expenses incurred during the preceding calendar year, (ii) the total estimated payments made by Tenant during such calendar year and (iii) the balance due from Tenant or to be credited to Tenant, as applicable.

(d) If the actual amount of Operating Expenses as shown on Landlord's Annual Statement (i) exceeds the amount previously paid by Tenant for such calendar year, Tenant shall pay Landlord the amount shown as due thereon, which payment shall be due within thirty (30) days of Tenant's receipt of the Annual Statement, or (ii) is less than the amount previously paid by Tenant, Tenant shall be credited the amount of such excess against the next succeeding monthly payment(s) of Base Rent and Tenant's estimated Operating Expenses for the then current calendar year (or, if such excess relates to the period during which the term of this Lease expires, such excess shall be refunded in cash to Tenant within thirty (30) days of Tenant's receipt of the Annual Statement).

(e) Within one year after such Annual Statement is received, Tenant may send a written notice to Landlord objecting to such Annual Statement and specifying the respects in which such statement is claimed to be incorrect. If the issues raised by such notice are not amicably settled between Landlord and Tenant within thirty (30) days after such written notice is sent, either party may refer the decision of the issues raised by such

notice to a nationally recognized firm of certified public accountants selected by such party, and reasonably acceptable to the other, and the decision of such accountants shall be conclusively binding upon the parties. The fees and expenses involved in such decision shall be borne by the unsuccessful party (and if both parties are partially unsuccessful, the accountants shall apportion the fees and expenses between the parties based upon the degree of success of each party).

(f) Landlord shall keep and make available to Tenant for a period of seven (7) years after its Annual Statement is rendered as provided in this Section, records of its expenditures for Operating Expenses and reasonable details of the matters included in the Annual Statement for the period covered by such statement and shall permit Tenant and Tenant's accountants to examine and audit such of its records as may be reasonably required to verify such statements, at reasonable times during business hours.

(g) An appropriate proration of Operating Expenses shall be made with respect to any partial year during which this Lease commences or expires. Tenant's obligations hereunder shall survive the expiration or earlier termination of this Lease.

(h) Landlord reserves the right to adopt a fiscal year for purposes of this Section, in which case the foregoing references to calendar year shall be modified to conform to Landlord's fiscal year.

2.3 Definitions. In addition to the terms defined elsewhere in this Lease, the following terms shall have the following meanings:

(a) "**Operating Expenses**" shall mean and include (i) all real estate taxes and assessments with respect to the Land, the Building and the Common Areas paid by Landlord pursuant to Section 3.1 hereof, (ii) premiums for all insurance maintained by Landlord pursuant to Section 8.1(b) hereof, (iii) the cost of all maintenance and repairs paid by Landlord pursuant to Section 5 hereof, (iv) any owners' association or similar assessments or fees charged in connection with respect to the Land, the Building and the Common Areas and paid by Landlord pursuant to Section 3.2 hereof; and (v) all other expenses, costs and disbursements of every kind and nature which Landlord shall pay or become obligated to pay in respect to or in connection with the operation and maintenance of the Building and the Common Areas, and which are usually considered "operating expenses" in accordance with generally accepted accounting practices, consistently applied. Notwithstanding the foregoing, such expenses shall not include (A) depreciation, interest and principal payments of mortgages and other debt costs, if any; (B) federal, state and city income, excess profit, gift, estate, succession, inheritance, franchise and transfer taxes, and any other taxes relating to the operation of Landlord's business but not the Building or Land; (C) expenses for capital improvements made to the Building or Common Areas except any capital improvement which results in savings of labor or other costs to the extent of the lesser of the cost of such capital improvement amortized over its useful life or the annual cost savings resulting from such capital improvement; (D) costs and expenses incurred in correcting defects in the construction of the Building and other improvements on the Land; (E) the cost of repairing or restoring any portion of the Building damaged by fire or other casualty; (F) the cost of repairs,

alterations or replacements required as the result of any taking or condemnation of the Land or Building for public or quasi-public use or purpose by any governmental or quasi-governmental authority, or as the result of any conveyance in lieu of being taken or condemned; (G) any cost or expenditure or any portion thereof for which Landlord has been reimbursed or is entitled to reimbursement, whether by insurance proceeds or otherwise; (H) management fees in excess of three percent (3%) of Landlord's annual rental income from the Building; (I) any payments for services made to entities affiliated with or related to Landlord to the extent that such payments exceed fair market value for such services; (J) any costs or fees incurred in connection with the acquisition and development of the Land and Building, including but not limited to, any exactions or assessments by governmental authorities (i.e., impact fees); (K) employee costs and expenses of Landlord, except those incurred for the direct operation and maintenance of the Land, Common Areas and Building; (L) overhead and administrative costs of Landlord; and (M) and any costs or expenses which are not usually considered building "operating expenses" in accordance with generally accepted accounting practices, consistently applied.

(b) "**Rent**" shall mean Base Rent, plus all sums due and payable by Tenant in respect to the Operating Expenses.

(c) "**Rentable Area**" shall be calculated in accordance with in accordance with the Building Owners and Managers Association Standard for Measurement of Office Space (ANSI/BOMA Z65.1-2017)

### **SECTION 3. REAL ESTATE TAXES.**

Landlord shall pay and discharge prior to their delinquency, at its sole cost and expense, all real estate taxes and assessments for public improvements, now or hereinafter assessed or levied against the Land and the Building during the term of this Lease, and all penalties and interest thereon.

### **SECTION 4. USE OF PREMISES**

4.1 Use. The Premises may be used, occupied and sublet by Tenant for administrative or office uses and any use incidental to or in connection with such use, and for any other uses permitted by applicable zoning regulations.

4.2 Compliance with Legal Requirements. In its use and occupancy of the Premises, Tenant shall comply with all applicable laws and other governmental rules, regulations and orders.

4.3 Hazardous Acts. Tenant shall not do or permit to occur within the Premises any act which will increase premiums for any casualty, fire, liability or other insurance maintained by Landlord on the Building or which shall render such insurance void or voidable, excepting however any activities which are usually and customarily anticipated in connection with the uses of the Premises permitted under Section 4.1 hereof.

## SECTION 5. MAINTENANCE AND REPAIRS

Landlord shall at its sole cost and expense maintain in good repair and condition all of the Building (except the interior of Premises) and the Common Areas, including without limiting the generality of the foregoing, all of the doors and the windows of the Premises, all other doors of the Building, the roof, walls, floors, foundations and other components of the Building and all mechanical (heating, air conditioning, plumbing, electrical) elements and components of the Building located outside the Premises; and Landlord shall keep all of the foregoing clean and free of all refuse and rubbish, dust and dirt and otherwise in slightly first class condition and appearance. Landlord shall make all repairs and replacements, whether foreseen or unforeseen, ordinary or extraordinary, and do such other things as may be required to maintain the Common Areas and the Building in the condition specified in the preceding two sentences, and all of the foregoing shall be performed in a good and workman-like manner. Tenant shall take good care of the interior of the Premises and subject to the provisions of Section 9.2, shall promptly repair, in a good and workmanlike manner, any damage to the Premises or other part of the Building caused by any breach of this covenant or by any willful or negligent act or omission of Tenant, or of any employee, agent of Tenant, or failing to do so, Tenant shall reimburse Landlord for the cost of all such repairs. Notwithstanding the foregoing, and except with regard to any capital improvement which results in savings of labor or other costs as described in Section 2.3(c) hereof, Tenant shall not be responsible for any repairs or replacements of any part of the Premises, including, but not limited to, the heating, air conditioning, plumbing, or electrical components thereof, which is Landlord's responsibility pursuant to the Work Letter Agreement. Tenant will not permit undue accumulations of garbage, trash, rubbish or other refuse within the Premises, and will keep all refuse in proper containers on the interior of the Premises until disposal of such refuse.

## SECTION 6. ALTERATIONS

6.1 Alterations. Tenant may make alterations or improvements to the Premises without the prior consent of Landlord; provided, however, except as otherwise permitted herein or in the Work Letter Agreement, Tenant shall not make any alterations or modifications to any **historic** or structural components of the Building or to any mechanical components of the Building that service other portions of the Building, without the prior consent of Landlord, which consent shall not be unreasonably withheld or delayed. All such alterations and improvements shall be performed in a good and workman-like manner and in compliance with all applicable rules and regulations. At its sole expense Tenant shall repair any damage to the Building or the Premises resulting from the removal from the Premises of any of Tenant's property or of any such alterations and improvements. In the case that Tenant removes any such alterations or improvements, it shall restore the Premises to substantially its condition prior to the time such alterations and improvements were made, unless Tenant makes further alterations or improvements in accordance with this Section 6.1. All alterations and improvements made by Tenant that remain in the Premises at the expiration of this Lease shall become the property of Landlord.

6.2 Personal Property. Tenant may, without Landlord's consent, install temporary partitions, shelves, bins, equipment, trade fixtures and other personal property in the Premises. These items shall remain Tenant's property and may be removed by Tenant prior to the expiration or earlier termination of this Lease. Tenant shall repair any damage to the Premises caused by such removal.

6.3 Liens. Tenant shall discharge, bond over, or otherwise satisfy any mechanics or materialmen's lien which has been filed against the Premises or the Building arising out of work done for, or materials furnished to Tenant, its contractors or subcontractors within sixty (60) days following the date Landlord gives Tenant notice that the lien has been filed, or if Tenant is contesting any such lien or the claims on which it is based, Tenant shall have provided Landlord assurances against loss or damage reasonably satisfactory to Landlord.

## **SECTION 7. RESERVED.**

## **SECTION 8. INSURANCE**

8.1 Insurance. (a) Throughout the Term, Tenant, at its sole cost and expense, shall provide and keep in force (i) comprehensive general, public liability and property damage insurance in respect to this Lease and the Premises in the following amounts for any one accident or occurrence: property damage not less than \$300,000 and personal injury or death not less than \$1,000,000; and (ii) casualty insurance insuring Tenant against loss or damage to its equipment and other personal property in the Premises by fire and all other casualties usually covered under an fire and extended coverage policy of casualty insurance. The liability policy described in clause (i) above shall name Landlord as an additional insured.

(b) Throughout the Term, Landlord, at its sole cost and expense, shall provide and keep in force broad form fire and extended coverage casualty insurance on the Building, the Common Areas and the Premises (including all "Tenant Improvements" as defined in Section 12 hereof), insuring against loss by fire, windstorm, sprinkler leakage, flood, earthquake, water damage and all of the risks and perils usually covered by a so-called "all risk" of physical loss endorsement to a policy of fire insurance, including, but not limited to, vandalism, malicious mischief and boiler, pressure vessel and machinery coverage, in an amount equal to not less than 100% of the full replacement value, without co-insurance. Such insurance shall name Tenant as an additional insured.

(c) Every policy required by this Section 8 shall contain an agreement by the insurer that it will not cancel such policy except after not less than thirty (30) days' prior written notice to Landlord and Tenant and that any loss otherwise payable thereunder shall be payable notwithstanding any act or negligence of Landlord or Tenant which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment.

(d) At the commencement of the term of this Lease, Landlord and Tenant shall each deliver to the other certificates of the insurance required to be maintained hereunder. Landlord and Tenant also shall deliver to each other not more than thirty (30) days after the

expiration date of such policy or policies (or of any renewal policy or policies), certificates for renewal policies of such insurance.

(e) In lieu of carrying any policy of insurance required to be carried by Tenant under this Lease, Tenant shall have the option, either alone or in conjunction with Tenant's ultimate parent corporation, or any subsidiaries or affiliates of Tenant or of Tenant's ultimate parent corporation, to maintain self-insurance and/or provide or maintain any insurance required by this Lease under blanket insurance policies maintained by Tenant, Tenant's ultimate parent corporation or such subsidiaries or affiliates, or provide or maintain insurance through such alternative risk management programs as Tenant, Tenant's ultimate parent corporation or such subsidiaries or affiliates may provide or participate in from time to time.

## **SECTION 9. FIRE AND OTHER CASUALTY**

If the Building or the Premises shall be damaged by fire or other casualty and (i) the Premises are thereby rendered wholly unsuitable for its intended use, or (ii) the cost of repair or restoration as estimated by a contractor, architect or other construction consultant selected by Landlord and Tenant, exceeds 50% of the full replacement cost of the Building and/or the Premises (whichever is applicable); then in either such event either party may terminate this Lease. In addition, if the contractor, engineer or other construction consultant estimates that the required repair or restoration work cannot be completed within 180 days of the occurrence of such damage, then either Landlord or Tenant may terminate this Lease. If either party is entitled to terminate this Lease and desires to do so, it shall give the other party written notice of termination within thirty (30) days of the occurrence of such damage, and upon the giving of such notice, this Lease shall terminate as of the date of the casualty, and any prepaid Rent shall be refunded to Tenant. If the Premises shall be damaged by any casualty as described in the first sentence of this Section 9.1, but are rendered only partially untenable, Landlord shall promptly repair the same at its expenses, and the Rent shall proportionately abate during the period of such partial untenability.

## **SECTION 10. EMINENT DOMAIN**

If the Building, the Common Areas, the Premises or a material part of any of them shall be taken by any authorized entity by eminent domain or by negotiated purchase under threat thereof, and as a consequence thereof the Premises shall become totally untenable or the use of the Common Areas or access to the Building is impaired, then this Lease shall terminate as of the earlier of the date when title or possession thereof is acquired or taken by the condemning authority and all rights of Tenant in this Lease shall immediately cease and terminate. If a part of the Building or the Common Areas or a portion of the Premises shall be so taken or purchased so that the Premises becomes only partially untenable or the suitability and use of or access to the Premises or the Common Areas are slightly impaired, Rent shall be equitably and proportionately abated. All compensation awarded for any taking (or the proceeds of negotiated sale under threat thereof) whether for the whole or a part of the Building or the Premises, shall be the property of Landlord, whether such proceeds or award are compensation for loss or damage to Landlord's or Tenant's property or their respective interests in the Premises, except that the

portion of such compensation which is allocable to leasehold or other tenant improvements made at Tenant's cost and expense shall be the property of Tenant. If less than all of the Premises, Building or the Common Areas shall be taken as aforesaid and this Lease does not terminate, Landlord, at its sole cost and expense, shall promptly restore the Premises, Building or the Common Areas, as the case may be, to such condition which is nearly as possible the same as prior to such taking.

#### **SECTION 11. UTILITIES AND JANITORIAL**

Tenant shall pay and be responsible for all separately metered utilities consumed within the Premises, all costs of telephone installations and service. Tenant shall be responsible for its proportionate of any utilities not separately metered but used by the Tenant. Tenant shall be responsible for all janitorial service within the Premises.

#### **SECTION 12. TENANT IMPROVEMENTS**

Landlord shall provide Tenant with a turn-key space (the "Tenant Improvements") based on the layout and description in the Work Letter Agreement (the "Work Letter Agreement") between Landlord and Tenant, attached hereto as Exhibit C. The Work Letter Agreement is incorporated herein and the obligations of Landlord thereunder shall be obligations of Landlord under this Lease.

#### **SECTION 13. DEFAULTS AND REMEDIES**

13.1 Tenant's Default. (a) The following acts and occurrences shall constitute an event of default by Tenant under this Lease: (i) Tenant defaults in payment of any installment of Rent or other sum payable by Tenant hereunder and fails to cure such default within ten (10) days after notice thereof; (ii) Tenant fails to observe or perform any other provision of this Lease on Tenant's part to be performed and such failure continues for thirty (30) days after notice to Tenant of such failure unless such failure by its nature cannot be completely cured within such thirty (30) day period, in which event Tenant shall not be in default unless Tenant fails to commence to cure such failure within such thirty (30) day period and diligently prosecute such cure to completion; (iii) if Tenant shall file a petition in bankruptcy or for reorganization or for an arrangement pursuant to any federal or state bankruptcy law or any similar federal or state law, or shall be adjudicated a bankrupt or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due, or if a petition or answer proposing the adjudication of Tenant as a bankrupt or its reorganization pursuant to any federal or state bankruptcy law or any similar federal or state law shall be filed in any court and Tenant shall consent to or acquiesce in the filing thereof or such petition or answer shall not be discharged or denied within 60 days after the occurrence of any of the foregoing; or (iv) if a receiver, trustee or liquidator of Tenant or of all or substantially all of the assets of Tenant or of the Premises or Tenant's leasehold interest therein shall be appointed in any proceeding brought by Tenant, or if any such receiver, trustee or liquidator shall be appointed in any proceeding brought against Tenant and shall not be discharged within 60 days after such appointment, or if Tenant shall consent to or acquiesce in such appointment.

(b) If an uncured event of default by Tenant, as defined above occurs, Landlord may terminate this Lease by giving not less than thirty (30) days prior written notice to Tenant and Tenant will vacate the leased premises promptly. In the alternative, if Landlord chooses not to terminate this Lease then Landlord can provide Tenant with a Notice of Default and choose not to terminate this Lease and thereafter may pursue an action against Tenant in a court of competent jurisdiction for a claim for damages caused by the breach of this Lease and may pursue any and all remedies allowed by law.

13.2 Cure of Defaults. If Tenant shall fail to make any payment or perform any act required to be made or performed under this Lease, Landlord, without waiving or releasing any obligation or default, may (but shall be under no obligation to), at any time, and upon not less than thirty (30) days prior written notice to Tenant, make the payment or perform the act for the account of and at the expense of Tenant, and may enter upon the Premises for that purpose and take all actions as may be necessary to correct Tenant's breach. No such entry shall be deemed an eviction of Tenant.

13.3 Landlord's Default. In the event Landlord is in default under the terms of this Lease or its obligations under the Work Letter Agreement, then in any such event, Tenant may provide written notice of such default to Landlord pursuant to this Section 13.3. Upon the expiration of thirty (30) days following the giving of such notice, if Landlord (i) has failed to cure such default or (ii) in the case of a default (other than the payment of money) which by its nature cannot be completely cured within such thirty (30) day period, Landlord does not within such period commence to cure the default, and diligently pursue and complete the cure in a reasonable period of time, then in either such event Tenant may do all things necessary or desirable to remedy such default and perform the obligations of Landlord which have not been fully or properly performed. Landlord shall immediately upon demand reimburse Tenant for all costs and expenses incurred, in addition, if Landlord fails to make such payment within thirty (30) days of Tenant's written demand, Tenant may set off the amount of all costs and expenses incurred by Tenant in connection with the foregoing against Rent coming due under this Lease.

#### **SECTION 14. ASSIGNMENT AND SUBLETTING**

Tenant shall have the right to sublet all or any portion of the Premises without the prior written consent of Landlord; provided that each such sublease shall be subject and subordinate to this Lease and Tenant shall remain liable for the performance of all of its covenants and agreements under this Lease. Tenant shall not assign this Lease in whole or in part without the consent of Landlord, which consent shall not be unreasonably withheld. No such assignment without the consent of Landlord, shall be effective unless each such assignee by written instrument or operation of law assumes and becomes bound to perform and observe all of the covenants and agreements of Tenant under this Lease arising from and after the date of such assignment, provided that Tenant shall not be released of liability for the payment of rent and for the performance and observance of the other covenants and agreements of Tenant under the Lease after the effective time of such assignment.

## **SECTION 15. SUBORDINATION TO MORTGAGES**

This Lease shall be senior to and shall at all times have priority over all liens and encumbrances, now existing or hereafter affecting the Building or the Land. In the event the Building or the Land are or shall hereafter be subject to the lien of a mortgage or deed of trust (the "**Mortgage**"), and the holder of such mortgage requires that this Lease be subordinated to the lien of such Mortgage, Tenant agrees to subordinate its interest under this Lease to such Mortgage; provided that the holder of such mortgage shall execute and deliver to Tenant a nondisturbance and attornment agreement in substantially the form attached hereto as Exhibit D. Landlord shall deliver to Tenant a subordination, nondisturbance and attornment agreement in accordance with the terms of the preceding sentence and in substantially the form attached hereto as Exhibit D, with respect to each Mortgage which now constitutes a lien against the Land and/or Building. If Landlord refinances the Land, the Building and/or the Premises and the lender requires that this Lease be subordinated to the lien of such Mortgage, then Landlord shall reimburse Tenant for all reasonable attorneys' fees incurred by Tenant in connection with the review, negotiation and execution of any subordination, nondisturbance and attornment agreement requested in connection with such refinancing.

## **SECTION 16. ENTRY**

At all reasonable times, Landlord may enter the Premises to show it to prospective purchasers, mortgagees and tenants and for the purpose of inspection, or making any repairs or performing any maintenance which Landlord is required or permitted to make hereunder; provided that Landlord shall provide Tenant not less than 48 hour prior written notice except in the event of an emergency, in which event Landlord shall provide Tenant with such notice as is reasonable under the circumstances.

## **SECTION 17. END OF TERM**

17.1 Surrender of Premises. At the expiration of the term of this Lease, Tenant shall surrender the Premises to Landlord in as good order, condition and repair as at the Commencement Date, reasonable wear and tear and damage by fire and extended coverage perils and other causes beyond the reasonable control of Tenant, excepted. Tenant shall have the right prior to said termination to remove any equipment, furniture, trade fixtures or other personal property placed in the Premises by Tenant, provided that Tenant promptly repairs any damage to the Premises caused by such removal prior to the expiration date of the Term.

17.2 Holding Over. Any holding over beyond the expiration of the term of this Lease shall operate as an extension of this Lease from month to month on the same terms and conditions as provided in this Lease except that the monthly Base Rent payment shall be 125% of the monthly Base Rent installment due and payable hereunder for the last full month of the Term.

## **SECTION 18. TENANT'S CERTIFICATE**

At any time and from time to time, Tenant, on or before the date specified in a written request therefor, made by Landlord, which date shall not be earlier than thirty (30) days from the making of such request, shall execute, acknowledge and deliver to Landlord a certificate evidencing whether or not: (a) this Lease is in full force and effect; (b) this Lease has been amended in any way; (c) there are any existing defaults hereunder to the knowledge of Tenant and specifying the nature of such defaults if any; (d) the amount of Base Rent and the date to which Base Rent has been paid; and (e) improvements to the Premises or allowances for such improvements required of Landlord have been made or paid and accepted by Tenant. Each certificate delivered pursuant to this Section may be relied on by any prospective purchaser or transferee or the holder or prospective holder of any mortgage or deed of trust on the Premises or on Landlord's interest hereunder. Landlord shall reimburse Tenant for all reasonable attorneys' fees and costs incurred by Tenant in connection with the review, negotiation and execution of any such certificates.

## **SECTION 19. QUIET ENJOYMENT AND REPRESENTATIONS**

19.1. Quiet Enjoyment. So long as Tenant pays the Rent and additional rent and performs Tenant's covenants, Tenant shall peacefully and quietly hold the Premises throughout the Term free from any hindrance or molestation by Landlord or any other person or entity whatsoever.

19.2. Landlord Representations. Landlord hereby represents and warrants to Tenant, as of the Date of this Lease and as of the Commencement Date, as follows:

(a) Landlord is in sole possession of the Premises and there are no leases affecting all or any part of the Premises.

(b) There are no pending, nor to the knowledge of Landlord, any threatened actions, suits or proceedings against or affecting Landlord, the Land, the Building or the Premises or any portion thereof, or relating to or arising out of the ownership, leasing, operation, management, use or maintenance of the Land, the Building or the Premises.

(c) There are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any other debtor relief laws pending or, to the knowledge of Landlord, contemplated or threatened against Landlord, the Land, the Building or the Premises.

(d) To the best of Landlord's knowledge, there are no condemnation proceedings affecting the Land, the Building or the Premises or which are currently threatened or pending.

(e) The existing water, sewer, gas and electricity lines, storm sewers and other utility systems on or in the Premises are adequate to serve the utility needs of the Premises and all of such utilities are installed and operating.

(f) The Building, the Premises and all other improvements located on the Land comply with and do not violate any existing fire, health, building, life safety, handicapped

persons, environmental, zoning, subdivision or other laws, ordinances, codes, orders, regulations or requirements affecting all or any portion of the Premises and no notice of any such violation has been issued by any governmental or public authority having jurisdiction.

(g) There has not been and there is not now any actual or threatened settlement, earth movement, roof leakage, leakage or seepage in any basement, foundation or walls, termite infestation or damage affecting the Building or the Premises and the mechanical, structural, electrical, plumbing, sewer, heating, air conditioning and sprinkler systems and components servicing the Premises are in good operating condition and repair and free of material defects.

(h) The use of the Premises for the purposes set forth in Section 4.1 hereof are not prohibited by any zoning, subdivision and other laws, ordinances, codes, orders, regulations or requirements affecting the Premises or by any covenants or restrictions on use recorded in the land records of the county in which the Building is located.

(i) Landlord is the sole owner of the Land and the Building and has good, record and marketable, indefeasible, fee simple title to the Land and the Building, free and clear of all defects, security interests, liens, encumbrances, easements, covenants, restrictions, reservations or any other matters whatsoever, except for the following: (i) utility and drainage easements of record which will not materially impair the use of the Premises for the purposes permitted in Section 4 hereof; (ii) zoning and building laws, ordinances, resolutions and regulations; and (iii) ad valorem real estate taxes not yet due and payable.

**SECTION 20. NOTICES**

Any notice required or permitted to be given to a party under the provisions of this Lease shall be in writing and shall be deemed given if delivered in person or sent by Federal Express or by other nationally-recognized overnight air courier, or mailed by certified or registered United States mail, postage prepaid, return receipt requested, addressed as follows:

If to Landlord, to it at  
Elder Building, LLC  
13281 Rivers Bend Boulevard, Suite 201  
Chester, VA 23836  
Attention: George Emerson

If to Tenant, to it at  
City of Hopewell  
Attn: Charles Bennett  
300 N. Main Street, Suite 214  
Hopewell, VA 23860

with a copy to:  
Hopewell City Attorney's Office  
300 N. Main Street, Suite 219  
Hopewell, VA 23860

or to such other address as either party may designate by notice to the other party hereto. A notice or other communication shall be deemed to be duly delivered and received if sent by hand or express service, when left at the address of the recipient, and if sent by certified or registered United States mail, on the fifth day after deposited in the United States mail, postage prepaid; provided that if a notice or other communication is served by hand or express service on a day that is not a business day, or after 5:00 p.m. on any business day at the addressee's location, such notice or communication shall be deemed to be duly delivered to and received by the recipient at 9:00 a.m. on the first business day thereafter. Landlord acknowledges and agrees that any notice sent to Tenant by Landlord (including but not limited to notices of rent increases, Operating Expenses reconciliations, Annual Statements, notices of non-performance or default, or notices regarding subordination agreements or estoppels) must clearly and prominently identify Tenant and the Premises by Tenant's correct name and the correct and complete address of the Premise, including suite or unit number. Landlord will not be deemed to have effectively delivered any notice to Tenant that does not include all of the foregoing correct information. In particular, without limiting the generality of the previous sentence, Tenant will not incur any obligation or liability for late fees, penalties or default remedies unless the applicable notice from Landlord includes the correct and complete information described in this paragraph.

## **SECTION 21. ENVIRONMENTAL MATTERS**

21.1 Hazardous Substances/Waste The Premises are located in an older building that may contain asbestos-containing materials ("ACM") and lead-based paint. Landlord has had the property surveyed for ACM's and had those materials abated by a qualified professional including clearance testing/inspection done following that abatement. All abatement activities were performed in strict compliance with applicable federal and state regulations governing asbestos handling and disposal. There is however the potential for asbestos to remain, especially where black tile mastic was abated from concrete and wood floors or within existing walls/ceilings. Landlord hereby discloses the possible presence of such materials, and Tenant acknowledges receipt of this disclosure. Tenant agrees not to disturb, cut, drill, sand, or otherwise impact any building materials that may contain asbestos or lead-based paint and shall use reasonable care in its operations to avoid creating conditions that could release hazardous materials. Tenant shall promptly notify Landlord of any suspected damage, deterioration, or disturbance of such materials. Landlord shall be responsible for any required testing, remediation, or abatement of ACM or lead-based paint unless such condition is caused by Tenant's negligence or unauthorized activities, in which case Tenant shall be responsible for all associated costs. Tenant agrees to comply with all applicable laws, regulations, and guidance relating to asbestos and lead-based paint.

## **SECTION 22. COMMISSIONS**

Landlord shall pay and hold Tenant harmless from all claims and liabilities for any and all commissions and fees in connection with this Lease. Tenant represents that it has neither engaged nor employed any broker in connection with this Lease.

## **SECTION 23. EXCUSABLE DELAY**

Neither Landlord nor Tenant shall be considered in default in any of its obligations to be performed hereunder if delay in the performance of such obligation is due to unforeseeable causes beyond its control and without its fault or negligence, including but not limited to acts of God or of a public enemy, acts of the Federal government or of the government of any subdivision of the State in which the Premises is located, acts or delays of the other party, fires, or other casualty occurring at the Premises, weather, freight embargoes, unavailability of materials, strikes or delays of contractors, subcontractors or materialmen; it being the purpose and intent of this Section that in the event of the occurrence of any such enforced delay, the time or times for performance of such obligations shall be extended for the period of the enforced delay. The provisions of this Section 23 do not apply to obligations of Landlord under the Work Letter Agreement.

## **SECTION 24. MISCELLANEOUS PROVISIONS**

24.1 Memorandum of Lease. Upon the written request of either party hereto, the parties shall execute a memorandum of this Lease and other agreements herein contained in form eligible for recording in the Clerk's Office, Circuit Court, City of Hopewell, Virginia and setting forth all the terms and provisions of this Lease required by law to be included in a memorandum of lease.

24.2 Interest. Whenever this Lease requires or permits the payment of interest, such interest shall be determined as the fixed rate of six percent (6%) per annum (the "Interest Rate").

24.3 Execution. The presentation of this Lease for review by Landlord does not constitute an offer on the part of Tenant to enter into the lease transaction described herein and this Lease will become effective and legally binding only when it has been signed by a duly authorized officer or representative of each of the parties and delivered to the other party. This Lease is expressly conditioned upon approval by the Hopewell City Council properly taking the appropriate action to formally approve the terms and conditions of this Lease, in writing, and authorizing the appropriate party within the City of Hopewell to execute this Lease on behalf of the City of Hopewell.

24.4 Entire Agreement. This Lease, the Work Letter and the Exhibits attached hereto and thereto contain all the agreements of the parties with respect to the subject matter herein, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. There have been no representations made by either party or understandings made between the parties with respect to the subject matter hereof other than those set forth in this Lease, the Work Letter, and the Exhibits attached

hereto and thereto. This Lease may not be modified except by a written instrument duly executed by the parties hereto.

24.5 Waiver. Failure by either party to enforce any of the provisions hereof for any length of time shall not be deemed a waiver of its rights set forth in this Lease. Such a waiver may be made only by an instrument in writing signed by the party sought to be charted with the waiver.

24.6 Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

24.7 Binding Agreement. This Lease shall bind and inure to the benefit of the respective heirs, personal representatives, successors and assigns of Landlord and Tenant.

24.8 Business Day. Should any due date hereunder fall on a Saturday, Sunday or legal holiday, then such due date shall be deemed timely if given on the first business day following such Saturday, Sunday or legal holiday.

24.9 Reserved.

24.10 Governing Law. This Lease shall be governed by the laws of the Commonwealth of Virginia without regard to its conflict of laws rules. Nothing in this Lease may be construed as a waiver of the sovereign immunity granted Tenant by the Commonwealth of Virginia Constitution, statutes, and any applicable case law, nor may anything in this Lease be construed as an agreement by Tenant to indemnify any party.

24.11 Gender. Feminine, neuter and masculine pronouns, and the plural and the singular, shall be construed to be and shall be interchangeable in any place or places in which the context may require such interchange.

24.12 Reserved.

24.13 Records. Upon the written request of the Secretary of the U.S. Department of Health and Human Services, the U.S. Comptroller General of the Government Accounting Office, or their authorized representatives, Landlord shall make available this Lease and all books, documents, and records necessary to certify the nature and extent of Landlord's costs with respect to this Lease and the Premises for a period of four (4) years after performing its duties hereunder. If the Landlord carries out any of its duties under this Lease through a subcontract worth \$10,000 or more over a 12-month period, the subcontract will also contain an access clause to permit access by the Secretary, Comptroller General, and their authorized representatives to such subcontractor's books and records.

24.14. Regulatory Matters. (a) Landlord and Tenant enter into this Lease with the intent of conducting their relationship and implementing the agreements contained herein in full compliance with applicable federal, state and local law.

(b) If any legislation, regulation or government policy is passed or adopted, the effect of which would cause either party to be in violation of such laws due to the existence of any provision of this Lease, then Landlord and Tenant agree to negotiate in good faith for a period of ninety (90) days to modify the terms of this Lease to comply with applicable law. Should the parties hereto fail to agree upon modified terms to this Lease within this time, then either Landlord or Tenant may immediately terminate this Lease by giving written notice to the other party.

## 24.15 RIGHT OF FIRST REFUSAL; PURCHASE OPTION; HISTORIC TAX CREDIT NON-INTERFERENCE

### 24.15.1 Definitions.

For purposes of this Section 24.15, the following terms shall have the meanings set forth below. Capitalized terms not defined herein shall have the meanings ascribed elsewhere in this Lease.

(a) "Property" means collectively the Land and the Building, as such terms are defined in the Recitals and Section 1 of this Lease.

(b) "Building" means the improvements commonly known as 200 North Main Street, together with 107 and 111 West Poythress Street, Hopewell, Virginia.

(c) "Bona Fide Third-Party Offer" means a written, arm's-length offer to purchase the Property from an unrelated third party, made in good faith, containing all material economic and legal terms, and which Landlord is willing to accept.

(d) "Minimum Purchase Price Floor" means Landlord's actual, documented acquisition and rehabilitation costs incurred with respect to the Property, net of and giving Net effect to all federal, state, or local historic tax credits or the sale thereof, grants, rebates, abatements, incentives, or similar financial assistance of any kind received or utilized by Landlord in connection with the acquisition, rehabilitation, or restoration of the Property. Costs to include return on capital invested at an annual rate of 8%.

### 24.15.2 Right of First Refusal.

At any time during the Term of this Lease, including any Renewal Term, if Landlord receives a Bona Fide Third-Party Offer to purchase the Property that Landlord desires to accept, Landlord shall provide Tenant with written notice thereof, together with a complete copy of such Bona Fide Third-Party Offer and all material terms and conditions.

Tenant shall have sixty (60) days from receipt of such notice to elect, by written notice to Landlord, to purchase the Property on the same terms and conditions as set forth in the Bona Fide Third-Party Offer, subject to approval by the Hopewell City Council and compliance with the Virginia Public Procurement Act and all other applicable law.

If Tenant does not timely exercise its right of first refusal, Landlord may sell the Property to such third party on terms no more favorable to the purchaser than those offered to Tenant. Any material modification to the terms of such offer shall require Landlord to re-offer the Property to Tenant in accordance with this Section 24.15.2.

#### 24.15.3 Option to Purchase at End of Tenth Lease Year.

Provided Tenant is not in material default beyond any applicable notice and cure periods under this Lease, Tenant shall have the option to purchase the Property at the conclusion of the tenth (10th) Lease Year of the Primary Term (the "Purchase Option").

Tenant may exercise the Purchase Option by delivering written notice to Landlord not less than twelve (12) months prior to the expiration of the tenth (10th) Lease Year. Exercise of the Purchase Option shall be expressly conditioned upon approval by the Hopewell City Council and compliance with all applicable federal, state, and local laws governing municipal real estate acquisitions.

#### 24.15.4 Determination of Purchase Price.

The purchase price for any acquisition pursuant to Section 24.15.3 shall be determined as the average of three (3) independent MAI-certified commercial real estate

appraisals, each prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), valuing the Property as-is, subject to existing leases.

The appraisers shall be mutually agreed upon by Landlord and Tenant. Each party shall bear the cost of one appraisal, and the cost of the third appraisal shall be shared equally.

Notwithstanding the foregoing, in no event shall the purchase price be less than the Minimum Purchase Price Floor. Upon reasonable request, Landlord shall provide documentation reasonably sufficient to substantiate the Minimum Purchase Price Floor.

#### 24.15.5 Closing.

Unless otherwise agreed in writing, closing shall occur within one hundred twenty (120) days following final determination of the purchase price, subject to customary conditions precedent and required governmental approvals.

#### 24.15.6 Historic Tax Credit Non-Interference.

Tenant acknowledges that Landlord intends to rehabilitate the Building utilizing federal and/or state historic rehabilitation tax credits and that such rehabilitation shall be performed in accordance with the Secretary of the Interior's Standards for Rehabilitation.

Tenant agrees that it shall not knowingly exercise any right under this Section 24.15 in a manner that would cause the recapture, disallowance, or material impairment of any historic tax credits, grants, or incentives lawfully claimed by Landlord; provided, however, that this provision shall not permanently extinguish Tenant's rights hereunder and shall operate only to delay the timing of any exercise to the extent reasonably necessary to preserve such credits.

Landlord shall use commercially reasonable efforts to structure any sale to Tenant in a manner that minimizes adverse historic tax credit consequences.

#### 24.15.7 No Obligation to Purchase; No Appropriation.

Nothing contained in this Section 24.15 shall be deemed to obligate Tenant to purchase the Property, to appropriate funds, or to take any action inconsistent with its governmental authority, budgetary process, or applicable procurement requirements.

#### 24.15.8 Right of First Refusal to Lease Additional Space

At any time during the Term of this Lease, including any Renewal Term, if Landlord intends to enter into a lease with a third party for any portion of the Building not then leased to Tenant (the "Available Space"), and has received a bona fide, arms-length lease proposal that Landlord is prepared to accept (the "Proposed Lease"), Tenant shall have the right of first refusal and option to meet such offer to occupy the Available Space in accordance with this Section.

##### **(a) Notice to Tenant.**

Landlord shall provide Tenant with a written notice (the "ROFR Notice") of the Proposed Lease, which shall include, at a minimum, the following pertinent terms and provisions: **(i) the material economic and legal terms of such Proposed Lease; (ii) the identity of the proposed tenant; (iii) a description of the Available Space, including floor, suite, rentable square footage, and plans if available; (iv) the proposed base rent and any escalation structure; (v) the lease term and any renewal options; (vi) any tenant improvement allowance or work scope; (vii) the operating expense structure (including, without limitation, whether the lease is net, gross, or base year); (viii) any consideration, free rent, concessions, or other monetary or economic incentives offered to the proposed tenant; (ix) the permitted use of the Additional Space; (x) any exclusivity rights or use restrictions; (xi) any contingencies, including financing or required approvals; and (xii) a copy of the Proposed Lease or other documentation of the third party lease proposal, if available.**

##### **(b) Tenant's Election Period.**

Tenant shall have **seven (7) business days** after receipt of the ROFR Notice to elect, by written notice to Landlord, to exercise Tenant's first right to lease the Available Space as described in the ROFR Notice.

##### **(c) Failure to Exercise.**

If Tenant either declines to exercise or does not timely exercise its right of first refusal, Landlord shall be free to seek to lease the Available Space to such third party; provided, however, that (i) such resulting lease shall be ratified subject to terms and provisions not materially more favorable to the third party than those offered to Tenant in the ROFR Notice, and (ii) if the terms and provisions of the Proposed Lease are materially modified, Landlord shall re-offer the Available Space to Tenant in accordance with this

Section. If Tenant declines or elects not to lease any Additional Space and Landlord does not subsequently enter into a lease with the proposed tenant set forth in the ROFR Notice within sixty (60) days of Tenant's declination or failure to timely exercise its right of first refusal, the provisions of this Section shall again apply to the disposition of any Additional Space.

**(d) Definition of Available Space.**

For purposes of this Section, "Available Space" shall include any leasable space within the Building that is not subject to an existing lease or that becomes available from time to time due to expiration or termination of an existing or prior lease.

**(e) Exercise of First Right and Option; Documentation.**

If Tenant timely exercises its right of first refusal, the parties shall promptly proceed to negotiate in good faith a lease amendment or new lease agreement for Tenant's occupancy of the Available Space substantially incorporating the terms and provisions set forth in the ROFR Notice, provided, however that all such terms and provisions, as well as the lease amendment or new lease agreement, as the case may be, are materially consistent with the terms of this Lease.

**(f) Governmental Approval.**

Tenant's consideration and potential exercise of this first right shall be conditioned upon the approval by the Hopewell City Council and compliance with all applicable laws governing municipal leasing, which approval must be provided to Landlord in writing by the Hopewell City Council within the Tenant's seven (7) business day election period as provided herein.

*[signatures on next page]*

IN WITNESS WHEREOF, the parties have duly executed this Lease the day and year first above written.

LANDLORD:

Elder Building, LLC

By:

RPCA

Name: BERNICE EMERSON

Title: MANAGER

Date Executed: 4/7/21

TENANT:

City of Hopewell, Virginia

By:

Michael C. Rogers

Name: MICHAEL C. ROGERS

Title: Interim City Manager

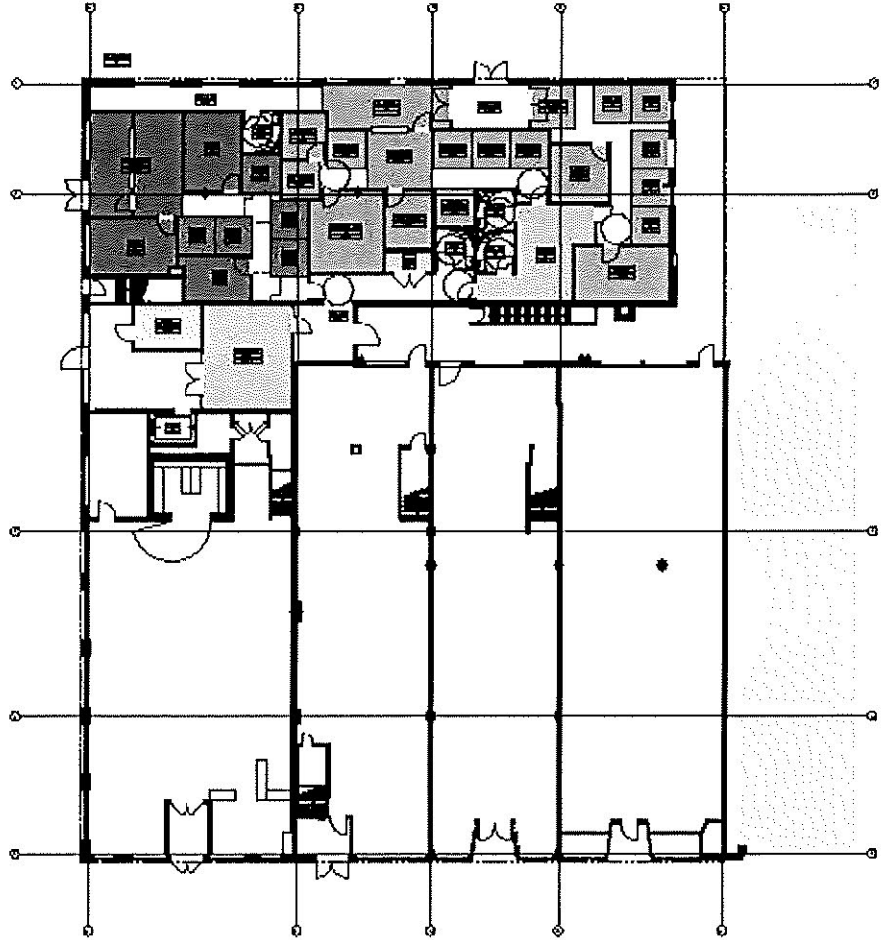
Date Executed: 4/7/2021

**EXHIBIT A  
TO LEASE**

**Floor Plan of Premises/Space Plan**

**The space plan attached hereto illustrates the intended departmental layout and circulation concept for the Premises and shall serve as the design intent for preparation of construction drawings.**

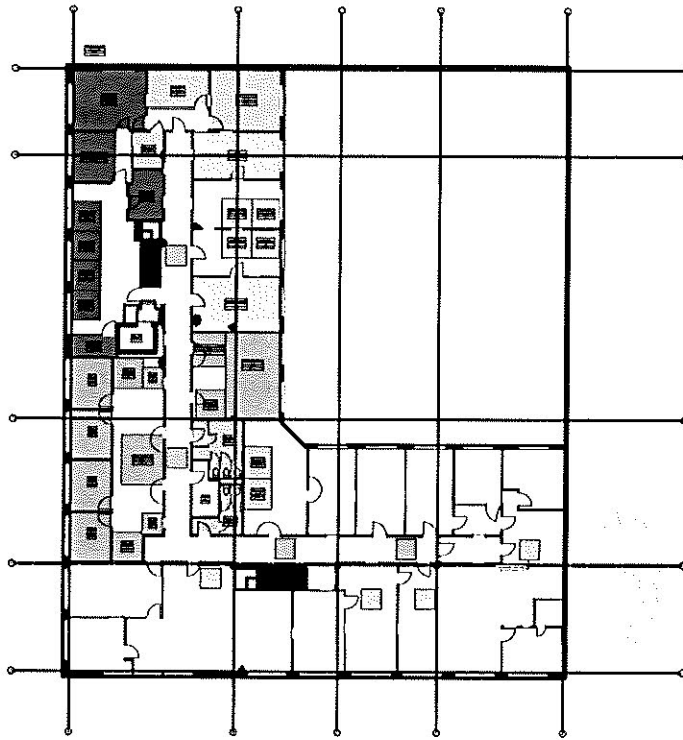
**The final design may vary slightly from the space plan provided that the overall program requirements and departmental relationships established in Attachment 1 are maintained.**



**200 N MAIN STREET**  
HOPEWELL, VA

project#: 24.95  
date: 1/13/26

FIRST FLOOR OFFICE PLAN — A.1



**200 N MAIN STREET**  
HOPEWELL, VA

proj # 2135  
date 1/13/26

SECOND FLOOR OFFICE PLAN — A.2



**EXHIBIT B  
TO LEASE**

**Legal Description of the Land**

**EXHIBIT C  
TO LEASE**

**WORK LETTER AGREEMENT**

This Work Letter Agreement is made and entered into as of 4/7, 2026 (the "**Agreement Date**"), by and between Elder Building, LLC ("**Landlord**"), and City of Hopewell, Virginia ("**Tenant**"), under the following circumstances:

A. Landlord and Tenant are entering into a Space Lease of even date herewith (the "**Lease**"), whereby Landlord has agreed to lease to Tenant approximately 10,930 rentable sf (the "**Premises**") in the Building (the "**Building**") with addresses of 200 N. Main Street, and 111 and 107 W. Poythress Street in Hopewell, VA.

B. Landlord and Tenant are entering into this Work Letter Agreement (this "**Agreement**") for the purpose of setting forth their agreements relating to the design and construction of interior partitions, finishes and other Tenant improvement work in the Premises.

C. All terms used herein which are defined herein shall have the meanings set forth in the Lease.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Landlord and Tenant agree as follows:

**SECTION 1. DESIGN OF TENANT IMPROVEMENTS**

1.1 Design of Tenant Improvements. As promptly as possible after the Agreement Date, Landlord shall cause the project architect, Walter Parks and Associates (the "**Project Architect**") to complete preparation of all necessary construction documents, working drawings and specifications for the construction and installation of interior partitions, finishes and other Tenant improvement work in the Premises (the "**Tenant Improvements**"), which construction documents, working drawings and specifications shall include, but not be limited to, floor plans, reflected ceiling plans, finish and door schedules, partition types, elevations and details describing millwork and special features, telephone plans, specifications and legends and shall describe all work, labor, materials, installations and construction required to produce in the entirety of the Premises, on a "turn key basis, completed space ready for use and occupancy by Tenant, subject only to the installation by Tenant of Tenant's furnishings, furniture and equipment. Such construction documents, working drawings and specifications will be prepared based upon and in conformity with the design intent of the Tenant Improvements as set forth in the space plan and outline specifications for the Tenant Improvements which are attached hereto as Attachment 1. Such construction documents, working drawings and specifications shall be submitted to Tenant by not later than \_\_\_ days after the Agreement Date. If Tenant has any objections or comments with respect to any such construction documents, working drawings and specifications which are submitted to it, Tenant shall notify Landlord in writing within thirty (30) days of their receipt. If Tenant makes any comments or objections regarding any such construction documents, working drawings and specifications, Landlord shall promptly cause the necessary changes and corrections to be made. Landlord shall promptly resubmit to Tenant modified construction documents, working drawings and specifications, which shall be subject to the same review and approval procedures set forth above. The final agreed upon construction documents, working drawings and specifications for the Tenant Improvements, with such changes thereto as are hereinafter permitted, shall be referred to herein as the "**Plans and Specifications.**" Tenant's approval of the Plans and Specifications shall constitute only an approval of the aesthetic features described in the drawings, and Tenant's acknowledgment that the floor plan and the spatial relationship of the various parts of the plan are

satisfactory to it, and shall not be construed as an approval of the character or quality of the architectural, structural or engineering design of the Tenant Improvements or any of its components, or an acknowledgment that the design complies with applicable building codes. No such approval shall constitute a waiver of any warranties or guaranties set forth in this Agreement or release Landlord from liability for any errors or omissions. None of the Plans and Specifications may be changed or otherwise modified without the prior written consent of Tenant.

1.2. Delays in Approval of Plans and Specifications. Landlord and Tenant acknowledge and agree that completion of construction of the Tenant Improvements by the "Projected Completion Date" (as defined in Section 3.2 hereof) is, in part, dependent on the approval by Tenant of the Plans and Specifications by not later than 30 days after receipt for approval and that any delay in approval of the Plans and Specifications beyond such date shall automatically extend the Projected Completion Date by the number of days of such delay.

1.3. Changes to Plans and Specifications. In the event Tenant requests a change to the Plans and Specifications after Tenant's approval thereof, such proposed changes shall be submitted to Landlord in writing and shall be subject to the approval of Landlord, which approval shall not be unreasonably withheld. Before considering any proposed change, Landlord shall give Tenant a good faith estimate of the net cost impact of the change requested by Tenant and of the length of any delay that may result from any such change. Tenant may, after receipt of such estimate, withdraw or modify its proposed change. If any such change results in the "Tenant Improvements Costs" (as defined in Section 2 hereof) exceeding the then approved "Tenant Improvements Budget" (as defined in Section 2 hereof) amount, then Landlord and Tenant shall increase the Tenant Improvements Budget by such amount, subject to the approval of both Landlord and Tenant. Any delays caused by Tenant's requested changes (including time required for the revision of the Plans and Specifications) shall extend the "Projected Completion Date" (as defined in Section 3.2 hereof) by the number of days of such delay.

## **SECTION 2. CONSTRUCTION OF TENANT IMPROVEMENTS**

2.1. Construction of Tenant Improvements. (a) Landlord, at Landlord's sole cost and expense (subject, however, to the limitations set forth herein), hereby agrees to construct and install the Tenant Improvements in and for the Premises in accordance with the Plans and Specifications and this Agreement and Landlord agrees to substantially complete the construction and installation of the Tenant Improvements by not later than the Projected Completion Date.

(b) Landlord shall not commence construction of the Tenant Improvements until (i) the Plans and Specifications have been approved by Tenant, and (ii) the Tenant Improvements Budget has been approved (or deemed approved) by Landlord and Tenant.

2.2. Projected Completion Date. As used herein, "Projected Completion Date" shall mean the date which is eighteen (18) months following the Date of this Lease, as such date may be extended pursuant to Sections 1.2, 1.3 and 2 hereof, or as such date may be extended by any enforced delay due to unforeseeable causes beyond Landlord's control and without Landlord's fault or negligence including, but not limited to, acts of God, fires, floods, strikes, freight embargoes, unusually severe weather conditions not reasonably anticipatable, but excepting delays caused by acts or omissions of Landlord's contractors, subcontractors, material or equipment suppliers, architects or engineers, or by the failure or inability of Landlord to provide or obtain sufficient funds to pay the costs of designing, constructing and installing the Tenant Improvements. Landlord shall provide Tenant written notice of any such enforced delay within five (5) days after the occurrence thereof, which notice shall set forth the cause and number of days of such delay.

3.3. Completion of Construction. Construction of the Tenant Improvements shall be deemed substantially completed and Landlord shall deliver to Tenant physical possession of the Premises on the date on which all of the following have occurred (the "**Completion Date**"): (i) the Project Architect's certificate of Final Completion with respect to the Tenant Improvements shall have been delivered to Tenant; (ii) a Certificate of Occupancy (or the local equivalent) with respect to the Premises shall have been delivered to Tenant; (iii) all sanitary, electrical, heating, ventilating and air conditioning systems of the Building are operational to the extent necessary to provide adequate services to the Premises; (iv) access to the Building and the Premises and the parking areas are available to and for use by Tenant and its employees and invitees without interruption; and (v) Landlord and Tenant shall have executed a Completion and Commencement Date Certificate in the form attached hereto as Attachment 2 (the "**Completion Date Certificate**"). In the event that Tenant refuses to execute and deliver a Completion Date Certificate on the basis that the Tenant Improvements have not been completed in substantial conformity with the Plans and Specifications and Landlord does not agree that Tenant is entitled to withhold such certificate,

3.4. Permits. Landlord shall obtain and maintain all authorizations, approvals and permits required by any governmental entity for the construction and installation of the Tenant Improvements.

3.5. Access Before Completion Date. A representative of Tenant shall have the right (without the obligation to do so) to observe Tenant Improvements as the same are being constructed; such representative shall notify Landlord of any deviations from the Plans and Specifications or other deficiencies which it may discover, and Landlord shall promptly correct and/or repair any such deviations or deficiencies upon receipt of such notice.

#### **SECTION 4. PUNCH LIST**

Following issuance of the Project Architect's certificate of Final Completion in accordance with Section 3.3 above, Tenant may inspect the Tenant Improvements and prepare a punchlist setting forth all incomplete, defective or nonconforming items of construction and if such punchlist is delivered to Landlord, Landlord shall promptly complete or correct all items on the punch list within thirty (30) days of receipt thereof. If the nature of any such punchlist item is such that it cannot reasonably be completed within such thirty (30) day period, Landlord shall commence to repair or complete such item within ten (10) days after receipt of such punchlist and shall diligently prosecute such punchlist work to completion; provide, however, Landlord shall complete all punchlist items within ninety (90) days of receipt of the punchlist.

#### **SECTION 5. LANDLORD'S WARRANTIES**

Landlord warrants to Tenant that (i) the Tenant Improvements will be constructed in accordance with the Plans and Specifications, (ii) all materials and equipment furnished will be new, unless otherwise specified, (iii) the Tenant Improvements will be of good quality, free from faults and defects, and (iv) the Tenant Improvements shall be in full compliance with all applicable laws, codes and regulations, including by way of example, but not as a limitation, environmental, zoning, building and land use laws, codes and regulations. Without limiting the generality of the foregoing, if within one (1) year after the date of substantial completion of all of the Tenant Improvements, or within such longer period of time as may be prescribed by law or the terms of any applicable warranty required by the Plans and Specifications, the Tenant Improvements or any part or element of either is found to be defective or not in accordance with the Plans and Specifications, Landlord shall correct the same within thirty (30) days after receipt of written notice from Tenant to do so or a longer reasonable period if such correction cannot reasonably be completed within a thirty (30) day period. Unless such condition is specifically referred to and accepted in a written instrument delivered to Landlord, acceptance by Tenant of the Tenant Improvements pursuant to the terms of this Agreement or the Lease shall not be deemed to be written acceptance of any such condition.

IN WITNESS WHEREOF, the parties hereto have executed this Work Letter Agreement as of the date first above written.

LANDLORD:

Elder Building, LLC

By: [Signature]  
Name: George Emerson  
Title: MANAGER  
Date: 4/7/26

City of Hopewell, Virginia

By: [Signature]  
Name: Michael C. Rogers  
Title: Interim City Manager  
Date: 4/7/24

**ATTACHMENT 1 TO WORKLETTER**  
**Space Plan and Outline Specifications**

**ATTACHMENT 1**  
**TENANT PROGRAM REQUIREMENTS AND BASIS OF DESIGN**  
**200 North Main Street – Hopewell, Virginia**

This document establishes the minimum program requirements, building systems, and performance standards for the renovation of the Premises to be completed by Landlord pursuant to the Work Letter Agreement attached to the Lease between Elder Building, LLC ("Landlord") and the City of Hopewell, Virginia ("Tenant").

The Premises consist of approximately 9,937 useable square feet located on the first and second floors of the building commonly known as 200 North Main Street and portions of 107 and 111 W. Poythress Street, Hopewell, Virginia.

This document establishes the design intent for preparation of construction drawings and specifications. Final construction documents shall be prepared by Landlord's architect and submitted to Tenant for review and approval in accordance with the Work Letter Agreement.

**1. TURN-KEY DELIVERY AND BASE BUILDING RESPONSIBILITY**

This Lease is intended to provide Tenant with a fully completed, turn-key municipal office facility. Landlord shall be responsible for all work necessary to deliver the Premises ready for Tenant occupancy in accordance with the Basis of Design, and the Work Letter Agreement.

Landlord's obligations include both (i) base building work and (ii) tenant improvement work required to construct the Premises in conformity with the Basis of Design.

Base building responsibilities of Landlord include, without limitation:

Structural elements of the Building Roof and exterior envelope Building electrical service and distribution necessary to support the Tenant program Building plumbing systems Building HVAC systems Elevator installation and operation Fire protection and life safety systems Code compliance upgrades required to obtain occupancy Historic rehabilitation work required for tax credit compliance

Tenant shall not be responsible for the cost of correcting base building deficiencies, structural issues, utility capacity limitations, or other building conditions necessary to construct the Tenant Improvements in accordance with the Basis of Design.

The Premises shall be delivered to Tenant as a complete, functional office environment per the Basis of Design herein, subject only to installation of Tenant's furniture, fixtures, and equipment.

**2. GENERAL DESIGN OBJECTIVES**

The renovation shall be designed to accomplish the following objectives:

Provide municipal administrative office space.

Provide public service counters and waiting areas.

Provide ADA-accessible public and staff areas.

Provide modern mechanical, electrical, data, and life safety systems.

Provide durable finishes suitable for long-term public use.

## **2. PROGRAM SUMMARY**

The Premises will accommodate several City departments and public service functions.

### **First Floor Departments**

Treasurer, Real Estate Assessor, Commissioner of the Revenue, DMV Service Area, Public Lobby, Public Conference Room, and Shared Breakroom.

Approximate first floor program area: 5,450 useable square feet

### **Second Floor Departments**

Department of Public Works Healthy Families Program Loving Steps Program Family meeting room  
Conference rooms Shared breakroom

Approximate second floor program area: 4,487 useable square feet

## **3. PUBLIC SERVICE AREAS**

The design shall incorporate dedicated public service areas including:

Treasurer and Commissioner of the Revenue service counter DMV service counter DPW customer service counter in the approximate location and size shown on the Space Plan.

Public counters shall include:

ADA accessible counter sections Durable solid surface or stone countertop at the Landlord's discretion.  
Transaction ledge Data and electrical pathways, and Queue space for public service.

## **4. WAITING AREAS**

Public waiting areas shall be provided in proximity to public service counters including:

Treasurer and DMV waiting area Commissioner of the Revenue waiting area

Waiting areas shall include seating capacity appropriate to expected public traffic and maintain clear circulation routes.

## **5. OFFICE SPACES**

Office spaces shall include a combination of private offices and open workstation areas.

## Private Offices

Private offices are anticipated for:

Commissioner of the Revenue, Treasurer, Deputy Commissioner Real Estate, Assessor Program administrators, and Department leadership

Typical private office sizes range from 100 to 200 square feet.

## Open Workstations

Open desk areas shall accommodate modular workstations approximately 45–50 square feet per workstation.

## 6. MEETING AND CONFERENCE ROOMS

Conference and meeting spaces shall include:

1st floor shared conference room. 2<sup>nd</sup> floor DPW conference room, Healthy Families conference room, Family meeting room.

Conference rooms shall include wall space and Conduit/pathways for display monitors and data connectivity.

## 7. FAMILY SERVICES AREAS

The Loving Steps and Healthy Families programs require specialized spaces including:

Counseling offices Family meeting room Private offices Secure storage

These spaces shall provide acoustic privacy appropriate for confidential discussions. This is applicable to a single interview room of approximately 80-100sf

Area requires a family restroom within the space to avoid small children and guardians from having to enter public area to use restroom and change diapers.

## 8. BUILDING SYSTEM REQUIREMENTS

### HVAC

The Premises shall be served by HVAC systems designed to maintain:

Temperature range of 68°F to 75°F Zoned temperature control by department where practical Adequate ventilation per applicable building codes

Mechanical systems shall be sized to accommodate full occupancy loads and office equipment.

### Electrical

Electrical systems shall include:

LED lighting throughout Adequate electrical outlets for office equipment Dedicated circuits for copier and IT & Breakroom equipment Emergency lighting and exit signage

#### Telecommunications

Infrastructure shall include:

Telecommunications closets on each floor Cable pathways (conduits with pull string in new walls, chase if historic plaster ceilings exposed, conduits at closets to get between floors) for structured data systems.

#### Elevator

A passenger elevator shall serve both floors of the Premises.

### **9. MINIMUM BUILDING INFRASTRUCTURE STANDARDS**

To ensure the Premises adequately support municipal operations, the Landlord shall provide building infrastructure meeting or exceeding the following minimum standards:

#### Electrical Service Capacity

The Building electrical service and distribution serving the Premises shall be sized to support typical municipal office operations including computers, printers, copiers, servers, and public service counters. Electrical panels shall provide spare capacity for future circuits and equipment additions.

#### Data and Telecommunications Infrastructure

The Landlord shall provide pathways capable of supporting structured data cabling and telecommunications systems including:

Conduit pathways penetrating floor to allow connection between telecommunications closets. Pathways above ceilings where practical or a chase where exposed plaster ceilings exist.

Telecommunications closets shall be provided on each occupied floor of the Premises and shall include adequate electrical power and cooling to support network equipment.

#### **IT / Server Room Conditions**

Where a telecommunications or server room is provided, the space shall include:

Dedicated electrical circuits Temperature control sufficient to maintain appropriate operating conditions for network equipment Secure access for Tenant personnel

#### **Security Infrastructure**

The Premises shall include pathways for installation of Tenant security systems including:

Access control devices Security cameras Alarm systems

Conduit or pathway shall be provided to primary entrances, public service counters, and circulation areas.

## **Public Counter Infrastructure**

Public service counter areas shall include sufficient electrical and data conduits/pathways to support multiple workstations, printers, and payment processing equipment.

## **10. HVAC PERFORMANCE STANDARDS**

The HVAC systems serving the Premises shall meet the following minimum performance standards suitable for municipal office occupancy.

### **Temperature Control**

Systems shall maintain indoor temperature ranges of approximately 68°F to 75°F during normal business hours under typical seasonal conditions. Spaces with higher occupancy such as conference rooms and waiting areas shall be designed to maintain comfort during peak usage.

### **Ventilation**

Ventilation rates shall comply with the Virginia Uniform Statewide Building Code and applicable ASHRAE standards for office occupancy. Public areas with higher occupant loads shall receive ventilation rates appropriate for their anticipated usage.

### **Zoning**

HVAC systems shall provide zoning sufficient to allow independent temperature control for major departmental areas including the first floor public service areas and second floor program areas where practical.

### **After-Hours Operation**

The system design shall allow for limited after-hours HVAC operation for conference rooms or specific office areas when required for evening meetings or extended operations.

## **11. TECHNOLOGY AND SECURITY STANDARDS**

The public access doors to the 2<sup>nd</sup> floor space available to lease to other tenants shall be secured by the Landlord using an electric access control system. This may include a maglock or electric strike/vertical rod system with a card reader. This system will allow the door to remain unlocked during normal operating hours and card access only after-hours. Secondary access doors and doors accessing Tenant spaces will be provided by Landlord as keyed access, but Landlord to provide pathways for electronic security devices to be installed by Tenant as defined during the design process.

### **Security Cameras**

Conduit/pathway shall be provided for the installation of Tenant security cameras at the following general locations:

Primary building entrances, Public service counters, Public waiting areas, Primary corridors, Elevator lobby areas

The Landlord shall provide pathway infrastructure and power access to support these installations.

#### Access Control

Door locations serving sensitive areas such as departmental offices, records storage rooms, and telecommunications rooms shall have conduit/pathways installed capable of supporting electronic access control systems installed by Tenant.

#### Secure Records Storage

Certain departments, including Treasurer, Real Estate, and Commissioner of Revenue may require secure document storage areas. These spaces shall be capable of supporting lockable doors and controlled access.

#### Network Connectivity

The building shall support high-speed internet connectivity through service providers available in the downtown Hopewell area. Pathways shall allow installation of fiber or equivalent broadband services.

### **12. RESTROOMS**

Restrooms shall include:

Accessible unisex restrooms on each floor Shared restroom facilities for staff and public Fixtures compliant with ADA and building codes

### **10. BREAKROOMS**

Breakrooms shall be provided on both floors including:

Cabinetry, Sink, Refrigerator space, Microwave space, Durable flooring

### **11. STORAGE**

Dedicated storage areas shall be provided for:

Real estate records DMV materials Departmental storage Program storage

### **12. ACCESSIBILITY**

All areas accessible to the public or staff shall comply with:

Americans with Disabilities Act Virginia Uniform Statewide Building Code Applicable accessibility standards

### **13. HISTORIC PRESERVATION**

Landlord intends to rehabilitate the building utilizing historic rehabilitation tax credits. Construction shall be performed in accordance with the Secretary of the Interior's Standards for Rehabilitation where applicable. As a critical part of this project, it is understood that the general layout of historic doors and walls on the 2<sup>nd</sup> floor are to remain in their current layout whenever possible. Historic flooring will be used whenever possible.

#### **14. DESIGN REVIEW PROCESS**

Landlord shall retain licensed architects and engineers to prepare:

Schematic design drawings, Design development drawings, Construction documents

Tenant shall have the right to review and approve each stage of design.

#### **15. CODE COMPLIANCE**

Landlord shall obtain all necessary permits and approvals including:

Building permits Fire marshal approvals Accessibility compliance Historic review approvals where applicable

#### **16. SUBSTANTIAL COMPLETION**

The Premises shall be considered substantially complete, and the lease will commence when:

Construction is complete Mechanical and electrical systems are operational Certificate of Occupancy (temporary or permanent) is issued Only minor punch list items remain.

**ATTACHMENT 1A  
SPACE PLAN**

**The space plan attached hereto illustrates the intended departmental layout and circulation concept for the Premises and shall serve as the design intent for preparation of construction drawings.**

**The final design may vary slightly from the space plan provided that the overall program requirements and departmental relationships established in Attachment 1 are maintained.**

**ATTACHMENT 2  
COMPLETION AND COMMENCEMENT DATE CERTIFICATE**

**ATTACHMENT 2 TO WORK LETTER**  
**COMPLETION AND COMMENCEMENT DATE CERTIFICATE**

This Certificate is executed and delivered in accordance with the terms of (a) that certain Lease, dated as of \_\_\_\_\_, 20\_\_\_\_ (the "Lease"), between \_\_\_\_\_ ("**Landlord**"), and \_\_\_\_\_ ("**Tenant**"), whereby Landlord leases to Tenant premises consisting of approximately \_\_\_\_\_ square feet and known as No. Suite \_\_\_\_\_ in the \_\_\_\_\_ Building (the "**Building**") located at \_\_\_\_\_, and (b) that certain Work Letter Agreement, dated as of \_\_\_\_\_, 20\_\_\_\_ (the "**Work Letter**"), between Landlord and Tenant attached as Exhibit C to the Lease. Defined terms used in this Certificate not defined herein shall have the meaning set forth in the Lease and Work Letter.

Landlord hereby represents and warrants to Tenant that attached hereto as Exhibits A and B are true, accurate and complete copies of (i) the Project Architect's certificate of Final Completion with respect to the Tenant Improvements; and (ii) the Certificate of Occupancy with respect to the Premises. Landlord further represents and warrants to Tenant that (a) the Tenant Improvements have been completed in conformity with the Plans and Specifications, (b) all sanitary, electrical, heating, ventilating and air conditioning systems of the Building are operational to the extent necessary to provide adequate services to the Premises; and (c) access to the Building and the Premises and the parking areas are available to and for use by Tenant and its employees and invitees without interruption.

Landlord and Tenant acknowledge and agree that the Completion Date is \_\_\_\_\_, 20\_\_\_\_ and that the Commencement Date is \_\_\_\_\_, 20\_\_\_\_.

**LANDLORD:**

**TENANT:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT D  
TO LEASE**

Recording Requested By and  
When Recorded Mail to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT**

THIS AGREEMENT is made and entered into as of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_, a \_\_\_\_\_ (the "**Mortgagee**") (which term shall include its successors and assigns unless the context otherwise indicates), having an address at \_\_\_\_\_, and \_\_\_\_\_, a \_\_\_\_\_ ("**Tenant**"), having an address at \_\_\_\_\_, under the following circumstances:

A. \_\_\_\_\_ ("**Landlord**") has executed and delivered that certain promissory note dated \_\_\_\_\_, 20\_\_\_\_ (the "**Note**") in the aggregate original principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_) payable to the order of Mortgagee, which Note was executed in connection with a credit agreement and related documents (the Note, the credit agreement and such related documents shall be referred to collectively as the "**Loan Documents**") between Landlord and Mortgagee; and

B. The Note is secured by that certain mortgage or deed of trust (the "**Deed of Trust**") executed by Landlord and in favor of Mortgagee, recorded in Book \_\_\_\_\_, Page \_\_\_\_\_ of the Records of \_\_\_\_\_, and which covers the real estate more particularly described in the attached Exhibit A which includes a building known as \_\_\_\_\_ (the "**Building**"); and

C. Landlord and Tenant entered into that certain Lease dated \_\_\_\_\_ (the "**Lease**") which covers a portion of the space in the Building (the "**Premises**") for a term of \_\_\_\_\_ years with \_\_\_\_\_ renewal options; and

D. The Note evidences a loan by the Mortgagee to Landlord, and the Mortgagee is unwilling to make advances on the Note unless the Mortgagee and Tenant execute this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and Ten and No/100 Dollars (\$10.00) and other good and valuable consideration each to the other cash in hand paid, the receipt of which is hereby acknowledged and confessed, Mortgagee and Tenant agree as follows:

1. Subject to the terms and conditions of this Agreement hereinafter set forth, the Lease is subject and subordinate in all respects to the Deed of Trust and to any and all renewals, modifications, replacements, additions, expansions and extensions thereof.

2. As long as no default as described in Section 13.1 of the Lease has occurred and is continuing beyond any applicable grace period without having been remedied or cured, the Mortgagee agrees that:

- (a) in any judicial action or proceeding to foreclose the Deed of Trust, the leasehold estate created by the Lease shall not be affected or terminated by such action or proceeding or any judgment rendered therein;
- (b) the Mortgagee and any subsequent holder of the Deed of Trust shall be deemed to have disclaimed any interest in personal property, equipment and fixtures supplied by Tenant or its subtenants at no cost to Landlord, excepting replacements of improvements and fixtures furnished by Landlord; provided there shall be no waiver of any rights which Landlord may have in any of the foregoing property upon expiration or termination of the Lease, if Mortgagee succeeds to the interest of Landlord under the Lease;
- (c) Tenant shall have and at all times may exercise all rights and privileges to which it is entitled under the Lease; and
- (d) Tenant's possession (subject to the terms of the Lease) and other rights and privileges and its rights to personal property, equipment and fixtures supplied by it or its subtenants, shall not be disturbed by the Mortgagee or by any foreclosure or other proceedings on the debt which the Deed of Trust secures, any conveyance by deed in lieu of foreclosure, or any exercise of a power of sale or any other remedy provided in the Deed of Trust or the Loan Documents, or by anyone whose rights were acquired as a result of such proceedings or by virtue of a right or power contained in the Deed of Trust, or the bond or note secured thereby, or the Loan Documents.

3. Provided Tenant is not in default (beyond any period given Tenant to cure such default) under the terms of the Lease as of the date Mortgagee commences foreclosure action or posts for foreclosure or accepts a deed in lieu of foreclosure, as the case may be, then Tenant shall not be made a party to any foreclosure action or proceeding and no default under the Deed of Trust and no proceeding to foreclose the same, deed in lieu of foreclosure, exercise of a power of sale or the exercise of any right or remedy under the Deed of Trust or the Loan Documents will disturb Tenant's possession or rights under the Lease and the Lease will not be affected or cut off thereby (except to the extent otherwise provided in this Agreement). Notwithstanding any such proceeding to foreclose the Deed of Trust, deed in lieu of foreclosure, exercise of a power of sale or exercise of any right or remedy under the Deed of Trust or the Loan Documents or other acquisition of the Premises by Mortgagee or any other party, upon or in lieu of a foreclosure sale, upon and subject to the provisions of this Agreement, Mortgagee or such other parties so acquiring the Premises shall recognize the Lease and Tenant as tenant under the Lease, as well as all rights, privileges and options of Tenant thereunder, including, without limitation, Tenant's options and rights to purchase or acquire the Premises and any proceeds of insurance in the event of fire or other damage, and will perform and observe all of Landlord's obligations and agreements under the Lease (except any such obligations from which Mortgagee is specifically exempted under the terms of the Lease); and Tenant shall recognize the Lease and shall recognize and attorn to Mortgagee or any other owner as Landlord under the Lease so long as no defaults exist in the performance of the obligations of Landlord under the Lease. Notwithstanding the foregoing, the Mortgagee or any other person or entity succeeding to ownership of the Premises as set forth above, shall not (a) be liable for any previous act or omission or default of Landlord under the Lease, (b) be subject to any offset which shall have accrued to Tenant against Landlord, (c) have any obligation with respect to any security deposit under the Lease unless such security deposit has been delivered to Mortgagee, or (d) be bound by any previous prepayment of rent for a period greater than one month unless such prepayment shall have been expressly approved in writing by Mortgagee.

4. Tenant, upon request of Mortgagee or any other person or entity succeeding to the ownership of the Premises as set forth above, will execute a written agreement whereunder Tenant will attorn to Mortgagee

or such other owner and affirm Tenant's obligations under the Lease and agree to pay all rentals and charges then due or to become due under the Lease to Mortgagee or such other owner, subject to performance by Mortgagee or such other owner of the obligations of Landlord under the Lease.

5. Mortgagee, from and after the date hereof, shall send a copy of any notice of any default on the part of Landlord under the Loan Documents, Note or Deed of Trust, to Tenant at the same time such notice is sent to Landlord under the Loan Documents, Note or Deed of Trust. Notices to Tenant hereunder will be given by registered or certified United States mail, postage prepaid, return receipt requested, addressed to Tenant at \_\_\_\_\_, or such other address as Tenant may from time to time designate in writing to Mortgagee.

6. Subject to the rights of Tenant and the agreements of Mortgagee set forth in this Agreement, nothing contained in this Agreement shall in any way impair or affect the validity or priority of the lien created by the Deed of Trust or any of the rights of Mortgagee thereunder.

7. No modification, amendment, waiver or release of any provision of this Agreement or any right, obligation, claim or cause of action arising hereunder shall be valid or binding for any purpose whatsoever unless in writing and duly executed by the party against whom the same is sought to be asserted.

8. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns; provided, however, that in the event of the assignment or transfer of the Deed of Trust, all obligations and liabilities of Mortgagee thereafter accruing shall be the responsibility of the party to whom Mortgagee's interest is assigned or transferred.

9. Landlord shall have no rights under or any benefits from this Agreement.

*[signatures on next page]*

EXECUTED as of the day and date first above written.

MORTGAGEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

TENANT:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**[ADD ACKNOWLEDGEMENTS]**