

LEASE

THIS LEASE made and entered into with an effective date of May 1, 2021, by and between City of Kingsport, a municipal corporation (herein called "Landlord"), and the MODEL CITY MAKERSPACE, Inc., a section 501(c)(3) Tennessee non-profit charitable organization as defined in T.C.A. § 6-54-111 (herein called "Tenant").

RECITALS:

WHEREAS, Landlord owns said property at 118 Shelby Street, Kingsport Tennessee; and

WHEREAS, Tenant represents it is a nonprofit charitable organization providing year round services benefiting the general welfare of the residents of the city and pursuant to T.C.A. § 6-54-111 is eligible to receive financial assistance from Landlord; and

NOW THEREFORE the parties agree as follows:

WITNESSETH:

THAT, in consideration of the premises and the mutual covenants and agreements herein contained and other good and valuable consideration, the parties do hereby agree as follows:

Section 1. Premises.

1.1 Landlord does hereby lease to Tenant and Tenant leases from Landlord real property (herein called "Premises") described as follows:

BEGINNING at a point in the westerly line of Shelby Street a distance of 175.2 feet from its intersection with the northerly line of Main Street; thence continuing northerly with the westerly line of Shelby Street 35 feet to corner of Lot #2; thence westerly with the divisional line of Lots 1 and 2, 138.75 feet to the easterly line of a 20-foot alley; thence southerly with the easterly line of the 20-foot alley 35 feet to a point in line of Lot 31; thence easterly on a line parallel with divisional line of Lots 1 and 31, 138.75 feet to the point of BEGINNING, containing 4,856 square feet, more or less.

Being a part of the property conveyed the City of Kingsport by deed from Landmark America, II, Inc. dated August 15, 2007, and recorded in deed book 2584C, Page 707 in the Register of Deeds for Sullivan County, Tennessee at Blountville. The property is also shown as Parcel No. 1 in a deed from C. Ballard Scarce, Jr., Successor Trustee to Landmark America II, Inc. dated June 27, 2007, and recorded in deed book 2561C, Page 535 in the Register of Deeds for Sullivan County, Tennessee at Blountville.

Said Premises is located in the City of Kingsport, Sullivan County, Tennessee.

1.2 This Lease is subject to the terms, covenants and conditions herein set forth, and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions.

Section 2. Term.

2.1 The initial term of this Lease shall be for the period of one year beginning May 1 2021, and ending April 30, 2022. By written agreement of the parties the term of this Lease may be renewed for a one year term for a maximum of nine renewals following the initial term of this Lease, provided the Lease is not terminated for other reasons stated herein.

2.2 After the initial term of the Lease either party may at any time terminate this Lease without cause and for such party's convenience and such termination shall not be deemed a breach of this Lease. The party exercising this termination for convenience shall give the other party thirty (30) days written notice prior to the effective date of the termination. As a result of a termination of the Lease the nonterminating party shall have no right to any damages, however characterized or incurred, including actual, general, special, incidental, consequential, or other damages. If Tenant, for any reason and without exception, ceases or fails to operate the Center on the property this Lease shall immediately and automatically terminate, and Tenant shall not be entitled to any damages from Landlord for such termination.

2.3 Tenant shall not allow the Premises to be open to the public until the improvements are fully completed to the satisfaction of Landlord. Landlord may, in its sole discretion and for any reason, including aesthetics, reject proposed improvements, and Tenant shall be obligated to install improvement satisfactory to Landlord. Upon the final completion and receipt of a Certificate of Occupancy for the building or the expiration of time set out herein, the Premises and the building and any improvements on the property will be the sole property of Landlord.

2.4 It is intended that the Premises will be used solely to house and operate the Center and for no other purpose or use. Any improvement made to the Premises by Tenant shall belong solely to the Landlord, including upon termination of the Lease for any reason.

2.5 At the expiration or earlier termination of this Lease, Tenant shall, at Tenant's expense, remove all of Tenant's personal property, and repair all injury done by or in connection with the installation or removal of said property, and surrender the Premises, broom clean and in as good condition as it was at the beginning of the Term, reasonable wear and tear excepted. All property of Tenant remaining on the Premises after the expiration or earlier termination of this Lease shall be conclusively deemed abandoned and at Landlord's option, may be retained by Landlord, or may be removed and disposed of by Landlord in any manner it sees fit in its sole discretion, and Tenant shall reimburse Landlord for the cost of such removal and disposal. Landlord may have any such property stored at Tenant's risk and expense.

Section 3. Use.

3.1 Tenant shall use the Premises solely to house and operate the Center and for no other purpose or use. Operation of the Center includes using it as a makerspace, providing member of the community with access to tools and resources to hone their crafts and learn new ones, a hackerspace focused on microcontrollers, network infrastructure, hardware, computing, and technology, will promote recreational and educational opportunities, entrepreneurship, and economic development, by creating an environment to generate jobs at the individual level, complementing established groups such as AccelNow/HBDC, KOSBE, and Sync Space. For RCAM, D-B Excel, and STREAMWORKS students graduates, and other citizens, the Center will provide workspace to improve and expand their learning and skills. The Center will be open to the public by membership for daily or monthly use providing access to machinery used in making of products. Machinery is projected to include all aspects of creation from computer design to hand-built pottery, fabric manipulation, wood working and more advanced machinery such as laser cutter, cnc router and 3-d printing. Educational and recreational classes will be held regularly to familiarize participants with the equipment and provide guided use to create a product. Memberships will allow for more extended use of the facility for those working on larger projects or proto-types for

entrepreneurial efforts and subsequently contribute to the economic development of the city. Tenant will work with RCAM, Streamworks, D-B Excel, and other educational institutions and the operation of the Center must include and education and access to machinery and tools for students of those programs.

3.2 Tenant shall at all times control its agents, employees, invitees, and visitors at the Premises in such a manner so as not to create any nuisance, or interfere with, annoy or disturb any owner or tenant of adjacent property.

3.3 Tenant shall repair and maintain the Premises, in good order, condition, and repair (including any such replacement and restoration as is required for that purpose) without limitation, interior and exterior painting, all plate glass, windows, doors, hardware, plumbing lines and fixtures, gas pipes, electric wiring, electric fixtures and equipment, light fixtures, bulbs & ballasts, heating, ventilating, and air conditioning systems, walls, floors, floor coverings, ceilings and all machinery, equipment and facilities forming a part of any improvements to the Premises. Should Tenant fail to make any repairs or restoration for which Tenant is responsible under this Lease, Landlord may, but shall not be obligated to, make same at Tenant's expense, and the cost thereof shall be considered additional rent due hereunder payable immediately.

3.4 Tenant shall pay for all utilities needed or used on the Premises, including gas, electric, light, water, sewer charges, and stormwater, along with private garbage service incurred during the term of this Lease or for any holdover period.

3.5 Tenant shall be responsible for its own telephone and information technology services and installation of telephone and information technology equipment in the Premises.

Section 4. Equipment.

Tenant shall be responsible for all maintenance and repair of its equipment or its agents and contractors equipment stored, maintained, used, installed, or operated on the Premises. Landlord shall not be responsible for any damage to or theft of any equipment stored, maintained, used, installed, or operated by Tenant, its agents and contractors upon the Premises during the construction or use of the building.

Section 5. Rent.

5.1 Tenant agrees to pay to Landlord as rent, without notice or demand, One and NO/100 (\$1.00) dollars per year payable annually beginning thirty (30) days from the date of execution of the Lease.

5.2 All rentals payable by Tenant to Landlord under this Lease shall be paid to Landlord at the office of Landlord herein designated by it for notices or to such other place as Landlord may designate in writing to Tenant at least ten (10) days before such rental payment.

5.3 Tenant shall promptly pay all rentals herein prescribed when and as the same shall become due and payable.

5.4 If Landlord shall pay any monies or incur any expenses to cure any default of Tenant hereunder, the amounts so paid or incurred shall, at Landlord's option, and on notice to Tenant, shall be considered additional rentals, payable by Tenant with the first installment of rental thereafter becoming due and payable, and may be collected or enforced as by law provided in respect of rentals.

Section 6. Uses Prohibited.

Tenant shall not do or permit anything to be done in or about the Premises or bring or keep anything therein that 1) is not within the permitted use of the Premises; 2) is not permitted by the zoning designation of the Premises; or 3) causes a cancellation of any insurance policy covering said Premises or any part thereof, or any of its contents. Tenant shall not do or permit anything to be done in or about the Premises that will in any way obstruct or interfere with the rights of Landlord's use of the remainder of its property surrounding the Premises, or use or allow the Premises to be used for any unlawful purpose. Tenant shall not create or maintain, or permit others to create or maintain, any nuisance, public or private, including, without limiting the foregoing, language, excessively loud noises, sound effects, offensive odors, offensive smoke or dust in or about the Premises or do any act or fail to do any act which constitutes waste, and Tenant, at its own expense, shall keep the Premises clean, neat and free from all trash and rubbish. All materials and inventory shall be kept inside the building or screened from public view by a method approved by the Landlord.

Section 7. Compliance with Law.

Tenant shall not use the Premises, or permit anything to be done in or about the Premises, that will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or that shall hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or that may hereafter be in force, relating to or affecting the condition, use or occupancy of the Premises. The judgment or any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant. Tenant shall indemnify, defend and hold Landlord harmless from and against any loss, cost, damage or expense, including, without limitation, attorneys' fees and costs of site investigation and clean up, incurred by or imposed upon Landlord as a result of the breach by Tenant of its obligations in this Lease.

Section 8. Alterations.

Tenant shall make alterations, additions, improvements, and other changes to the Premises, only with the written approval of Landlord. Any alterations, additions or improvements to the Premises by Tenant, shall be made: (a) by Tenant at Tenant's sole cost and expense; (b) in a good, workmanlike, first-class and prompt manner; and (c) in accordance with all applicable legal requirements and the requirements of any insurance company insuring the Premises.

Section 9. Surrendered Premises.

By entry hereunder, Tenant shall be deemed to have accepted the Premises AS IS. Tenant shall, upon the expiration or sooner termination of this Lease, surrender the Premises to Landlord in good condition, reasonable wear and tear excepted. Any damage to adjacent premises caused by Tenant's use of the Premises shall be repaired at the sole cost and expense of Tenant.

Section 10. Liens.

Tenant shall keep the Premises and improvements thereon free from any liens arising out of any work performed, materials furnished, or obligations incurred by or on behalf of Tenant.

Section 11. Assignment and Subletting.

Tenant shall not voluntarily, or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or allow any other person (employees, agents, servants, member, groups and invitees of Tenant excepted) to occupy or use the said Premises, or any portion thereof, without first obtaining the written consent of Landlord. Landlord may refuse to give consent and this decision shall be at Landlord's sole and absolute discretion. Consent to one assignment, subletting, occupation or use to any other person shall not be deemed to be consent to any subsequent assignment, subletting, occupation or use by another person. Consent to any such assignment or subletting shall in no way relieve Tenant of any liability under this Lease. Any such assignment or subletting without such consent shall be void, and shall, at the option of Landlord, constitute a default under the terms of this Lease. It is anticipated that individuals will be members of the Center for a fee and such membership will not be considered a subletting, if, and only if, such membership provides that the membership terminates upon the expiration or termination of this Lease for any reason.

Section 12. Hazardous Substances.

The term Hazardous Substances, as used in this Lease, shall mean pollutants, contaminants, toxic or hazardous wastes or any other substances the use and/or the removal of which is restricted, prohibited or penalized by any Environmental Law, which term shall mean any federal, state, or local law, ordinance or other statute of a governmental authority relating to pollution or protection of the environment. Tenant hereby agrees that: (a) no activity will be conducted on the Premises that will produce any Hazardous Substance; (b) the Premises will not be used in any manner for the storage of any Hazardous Substances; (c) Tenant will not allow any surface or subsurface conditions to exist or come into existence that constitute or with the passage of time may constitute a public or private nuisance; and (d) Tenant will not permit any Hazardous Substances to be brought onto the Premises, and if so brought or found located thereon, the same shall be immediately removed with proper disposal and all required cleanup procedures shall be diligently undertaken pursuant to all Environmental Laws.

Section 13. Hold Harmless.

Tenant shall indemnify and hold harmless Landlord against and from any and all claims arising from Tenant's use of the Premises or from the conduct of its business and from any activity, work, or other things done, permitted or suffered by Tenant in or about the Premises, and shall further indemnify and hold harmless Landlord against and from any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any act or negligence of Tenant, or any officer, agent, employee, guest, or invitee of Tenant, and from all costs, attorneys' fees and liabilities incurred in or about the defense of any such claim or any action or proceeding brought thereon. In case any action or proceeding is brought against Landlord by reason of such claim, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises, from any cause; and Tenant hereby waives all claims in respect thereof against Landlord. Tenant shall give prompt notice to Landlord in case of casualty or accidents on the Premises. Any goods, property or personal effects stored or placed by Tenant, its employees or agents, in or about the Premises shall be at the sole risk of Tenant, and Landlord shall not in any manner be held responsible therefore. The provisions of this paragraph shall survive the expiration or termination of this Lease for any reason.

Section 14. Liability Insurance.

Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease a policy of broad form comprehensive general public liability insurance insuring Landlord and Tenant against any

liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be in the amount of not less than one million (\$1,000,000) dollars on account of bodily injuries to or death of one person; \$2,000,000.00 on account of bodily injuries to or death of more than one person as the result of any one accident or disaster; and property damage insurance with minimum limits of \$100,000.00. The limit of any such insurance shall not, however, limit the liability of Tenant hereunder. Insurance required hereunder shall: (a) be in companies acceptable to Landlord; (b) shall name Landlord as a named insured on all such policies; and (c) contain an endorsement prohibiting cancellation, failure to renew, reduction of amount of insurance or change in coverage without the insurers first giving Landlord thirty (30) days' prior written notice of such proposed action. Tenant shall deliver to Landlord a duplicate original or certified copy of each such policy, including all endorsements, together with a receipt evidencing payment of the premium for such insurance on or before the commencement date of this Lease and at least annually thereafter. Any failure, or non-coverage, by such policy shall not affect the indemnity or hold harmless provisions of this Lease. Duplicate policies of all such insurance shall be delivered to Landlord not less than ten (10) days prior to each effective date.

Section 15. Loss of Use of Premises by Fire or Casualty.

If at any time the Premises become totally untenable by reason of damage or loss by fire or other casualty and such fire, flood or other casualty shall not have been caused by the negligence or wrongful act or omission of Tenant, Tenant's servants, agents, licensees, or invitees, the rent shall abate until the Premises shall have been restored to tenable condition, but nothing herein is to be construed as requiring Landlord to restore or rebuild the Premises. If the Premises are so damaged, but not to the extent that they are totally untenable, Tenant shall continue to occupy the tenable portion thereof, and the rent shall abate in proportion to the untenable portion of the Premises. In the event of a loss from fire or other casualty, Landlord shall have an election not to rebuild or recondition the Premises, which such election may be exercised by written notice thereof to Tenant, given within thirty (30) days from the date of such casualty. If Landlord exercises such election, this Lease shall cease and terminate, effective on the date of such loss, and Landlord shall not be required to repay any rent paid by Tenant to Landlord, as it is a nominal rent payment. Upon such termination this Lease shall terminate, with no further obligation on the part of either party hereto for matters thereafter accruing, except the Tenant's obligation to indemnify Landlord as set out in this Lease or any other Agreement between the parties, even though the building may at a later date be rebuilt, restored or reconditioned. No damage or destruction shall allow Tenant to surrender possession of the Premises, nor affect Tenant's liability for the payment of rent, except as may be specifically provided in this Lease.

Section 16. Entry by Landlord.

Landlord reserves, and shall at any and all times have, the right to enter the Premises to inspect the same as Landlord may deem necessary or desirable, and Landlord shall have the right to use any and all means which Landlord may deem proper to enter said Premises in an emergency without liability to Tenant.

Section 17. No Waiver.

The failure of Landlord or Tenant to insist upon a strict performance of any term or condition of this Lease shall not be deemed a waiver of any right or remedy that Landlord or Tenant may have and shall not be deemed a waiver of any subsequent breach of such term or condition.

Section 18. Landlord-Tenant Relationship.

It is expressly agreed and understood that Landlord shall not be construed or held to be a partner or associate of Tenant in the conduct of its business, it being expressly understood and agreed that the sole relationship between the parties hereto is that of landlord and tenant.

Section 19. Notices.

All notices and other communications to be given hereunder by either party shall be in writing and shall be delivered personally or mailed by certified United States mail, postage prepaid, return receipt requested, to the other party (and the date of any notice by certified mail shall be deemed to be the date of certification thereof) delivered or addressed to the parties as follows or at such other address as either party may later designate in writing:

Landlord: City Manager
City of Kingsport
225 West Center Street
Kingsport, Tennessee 37660

With copy to City Attorney
City of Kingsport
225 West Center Street
Kingsport, Tennessee 37660

Tenant: Model City Makerspace
118 Shelby Street
Kingsport, Tennessee 37660

Section 20. Entire Agreement.

The entire agreement between the parties hereto is contained in this instrument and it is expressly agreed that no obligation of Landlord or Tenant shall be implied in addition to those herein expressly contained. Any amendment to this Lease must be in writing signed by the parties hereto in order to be binding.

Section 21. Binding Effect.

The terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and to their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto executed this Lease in duplicate originals effective on the day and date first above written.