

LEASE AGREEMENT FORM

(TBR institution is Lessee)

Administrative use only:

Agency: _____

Allotment Code: _____

No. _____

This Instrument Prepared By:



Tennessee Board of Regents

Third Floor

1 Bridgestone Park

Nashville, Tennessee 37214

This Lease, entered into as of this ____ day of _____, 2025, is made by and between

The City of Kingsport, Tennessee

hereinafter called the Lessor, and

the Tennessee Board of Regents, on behalf of

hereinafter called the State.

WITNESSETH:

WHEREAS, Lessor owns certain real property located in Sullivan County, Tennessee, which is currently occupied by the State for educational and administrative purposes; and

WHEREAS, the parties desire to enter into this Lease covering three separate properties, with the understanding that each property will transfer to the State on the terms and timelines set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

- 1. LOCATION:** The Lessor hereby leases unto the State those certain premises (collectively, the "Leased Premises") with the appurtenances situated in the County of Sullivan, City of Kingsport
- 2. DESCRIPTION:** The Leased Premises are more particularly described in **Exhibits A, B, and C**, which are attached hereto and incorporated herein by reference. Each exhibit includes a description of the property, the applicable terms of occupancy, and any conditions related to transfer of ownership or maintenance responsibilities.

3. TERM:

a) The term of this Lease

shall commence on July 1, 2025 and shall end on June 30, 2030 unless earlier terminated as provided herein or in the applicable exhibit. If the date of occupancy is other than the commencement date, then the rental period shall begin with the date of occupancy, provided that the rental period shall begin no later than the latter of (a) the commencement date or (b) 30 days after the space is made available to the State in accordance with the conditions of this Lease. This provision shall not relieve the Lessor of the liability to the State for damages in the event that the space is not made available to the State in accordance with the conditions of this Lease on the commencement date specified above.

- b) If ownership of any portion of the Leased Premises is transferred to the State during the term of this Lease, the leasehold interest in that property shall automatically terminate as of the date of transfer, and the terms of this Lease shall no longer apply to that property. All other provisions of this Lease shall remain in full force and effect with respect to the remaining Leased Premises.

4. RENTAL:

- a) State shall pay rental in the amount of \$49,000, payable in installments of \$4,083.33 per month in arrears on the last day of the payment period as consideration for this Lease. Rent payable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified, based on the actual number of days in the month. Rental shall be paid to Lessor at the address specified in Paragraph 6, or to such other address as the Lessor may designate by a notice in writing.
- b) **AUTOMATIC DEPOSITS:** Lessor shall complete and execute an Authorization Agreement for Automatic Deposits (ACH Credits) Form, using the form provided to Lessor by State. Once this executed form has been provided to State by Lessor, all payments to Lessor under this or any other contract the Lessor has with the State of Tennessee, shall be made through the State of Tennessee's Automated Clearing House wire transfer system. Lessor shall not invoice State for services until Lessor has executed this form and submitted it to State. The debit entries to correct errors authorized by the Authorization Agreement for Automatic Deposits Form shall be limited to those errors detected prior to the effective date of the credit entry. The remittance advice shall note that a correcting entry was made. All corrections shall be made within two banking days of the effective date of the original transaction. All other errors detected at a later date shall take the form of a refund or, in some instances, a credit memo if additional payments are to be made.

5. TERMINATION:

a) **FOR CONVENIENCE:**

State may terminate this Lease at any time by giving written notice to the Lessor at least

90

days prior to the date when such termination becomes effective.
Notice shall commence on the day after the date of mailing.

b) FOR CAUSE: The State may in its sole discretion terminate this Lease at any time for any of the following causes:

- 1) Failure of the Lessor to provide any of the services required under the terms of this Lease;
- 2) Failure by the Lessor to make such modifications, alterations or improvements as may be necessary to ensure that the Leased Premises are brought up to, and maintained at, codes for building construction, health, fire and life safety, and handicapped accessibility, applicable to the Leased Premises, except where deficiencies are caused by State;
- 3) Failure to disclose any conflict or potential conflict of interest existing at the date of this Lease or hereafter created;
- 4) Termination or consolidation of the State operations or programs housed in the Leased Premises because of loss of funding or otherwise;
- 5) Lack of funding by the appropriate Legislative Body for obligations required of the State under this Lease;
- 6) Misrepresentations contained in the response to the request for proposal or committed during the negotiation, execution, or term of this Lease;
- 7) The availability of space in State-owned property, provided that no cancellation for this reason may take place until the Lease has been in effect for one year; and,
- 8) Any other breach of the terms of this Lease by Lessor which is not adequately remedied within twenty (20) days of the mailing of giving written notices thereof to Lessor in accordance with Section 6 herein.

c) TRANSFER OF TITLE: Upon transfer of ownership of any portion of the Leased Premises to the State, this Lease shall automatically terminate with respect to that property, without the need for further action by either party.

6. NOTICES: All Notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when made in writing and three days after deposited in the United States mail, certified and postage prepaid, and addressed as follows:

To the Lessor at:	To the State at:
The City of Kingsport Office of City Manager 415 Broad Street, Suite 121 Kingsport, TN 37660	Tennessee Board of Regents Office of Facilities Development Third Floor 1 Bridgestone Park Nashville, Tennessee 37214
<u>With a copy to:</u> <u>Office of the City Attorney City of Kingsport 415 Broad Street Kingsport, Tennessee 37660</u>	

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7. **ASSIGNMENT AND SUBLETTING:** The State shall not assign this Lease without the written consent of the Lessor, but shall in any event have the right to sublet the Leased Premises.
8. **INSPECTION:** The Lessor reserves the right to enter and inspect the Leased Premises, at reasonable times, and to render services and make any necessary repairs to the Leased Premises. The Lessor's right of entry shall apply only to those portions of the Leased Premises that remain under Lessor's ownership and subject to this Lease.
9. **ALTERATIONS:** The State shall have the right during the existence of this Lease to make alterations, attach fixtures and erect additions, structures or signs (hereinafter Alterations) in or upon the Leased Premises. Such fixtures, additions, structures or signs so placed in or upon or attached to the Leased Premises under this Lease or any prior Lease of which this Lease is an extension or renewal shall be and remain the property of the State and may be removed therefrom by the State prior to the termination or expiration of this Lease or any renewal or extension thereof, or within a reasonable time thereafter. Should State enlist the services of a third party for the performance of such Alterations, State shall notify Lessor no less than 60 days prior to the commencement of the work associated with the Alterations. Lessor shall have the right to demand such indemnification and surety as Lessor in its discretion deems necessary. Indemnification and surety shall include but not necessarily be limited to being named an additional insured under policies of general liability insurance coverage and sureties for completion of the work and payment of laborers and materialmen.
10. **SURRENDER OF POSSESSION:** Upon termination or expiration of this Lease, the State will peaceably surrender to the Lessor any portion of the Leased Premises that remains under Lessor's ownership in as good order and condition as when received, reasonable use and wear thereof and damage by earthquake, fire, public calamity, the elements, acts of God, or circumstances over which the State has no control or for which Lessor is responsible pursuant to this Lease, excepted. The State shall have no duty to remove any improvements or fixtures placed by it on the Leased Premises or to restore any portion of the Leased Premises altered by it, save and except in the event the State elects to remove any such improvement or fixture and such removal causes damages or injury to the Leased Premises and then only to the extent of any such damage or injury.
11. **QUIET POSSESSION:** Lessor agrees that the State, keeping and performing covenants contained herein on the part of the State to be kept and performed, shall at all times during the existence of this Lease peaceably and quietly have, hold and enjoy the Leased Premises, without suit, trouble or hindrance from the Lessor, or any person claiming under Lessor.
12. **REPAIR AND MAINTENANCE:**
- a) Except as otherwise provided in the applicable Exhibits to this Lease, during the term of this Lease, Lessor shall maintain the Leased Premises and appurtenances which it provides in good repair and tenantable condition, including, but not limited to, the maintenance and repair of the elevator, if any, plumbing, heating, electrical, air conditioning and ventilating equipment and fixtures to the end that all such facilities are kept in good operating condition except in case of damage arising solely from a willful or negligent act of the State's agent, invitee, or employee.

- b) Lessor's obligations shall also include, but are not limited to, periodic painting ~~to the satisfaction of the State as necessary to arrest decay of the Leased Premises or when existing paint has reached the end of its useful life~~, furnishing and replacing electrical light bulbs, fluorescent tubes, ballasts and starters, and air conditioning and ventilating equipment filters.
- c) ~~In case Lessor, after notice in writing from the State shall provide written Notice~~ requiring the Lessor to comply with the requirements of this paragraph in regard to a specified condition, upon the receipt of which Lessor shall have up to 15 days to either cure the deficiency or provide the State with a description at the efforts to cure the deficiency, scope of the work cure the deficiency and time frame for completion if the cure requires longer than 15 days. Should Lessor shall fail, refuse or neglect to comply therewith, or in the event of an emergency constituting a hazard to the health or safety of the State's employees, property, or invitees, to which Lessor fails to respond within 48 hours, the State may perform such maintenance or make such repair at its own cost and, in addition to any other remedy the State may have, may deduct the amount thereof from the rent that may then be or thereafter become due hereunder.
- d) Notwithstanding the foregoing, the parties acknowledge that maintenance responsibilities for each property may shift from Lessor to the State on the dates and under the conditions set forth in Exhibits A, B, and C. In the event of a conflict between this Section and the applicable Exhibit, the terms of the Exhibit shall control.

13. APPROPRIATIONS: All terms and conditions of this Lease are made subject to the continued appropriations by the appropriate Legislative Body.

14. DESTRUCTION:

- a) If the Leased Premises are totally destroyed by fire or other casualty, this Lease shall terminate. If such casualty shall render ten percent (10%) or less of the floor space of the Leased Premises unusable for the purpose intended, Lessor shall effect restoration of the Leased Premises as quickly as is reasonably possible, ~~but in any~~ In the event restoration cannot be effected within thirty (30) days Lessor shall provide a description to State of the efforts taken towards restoration, scope of work anticipated to effect restoration, and expected time for completion.
- b) In the event such casualty shall render more than ten percent (10%) of such floor space unusable but not constitute total destruction, Lessor shall forthwith give notice to State of the specific number of days required to repair the same. If Lessor under such circumstances shall not give such notice within fifteen (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than ninety (90) days to complete from date such notice is given, State, in either such event, at its option, may terminate this Lease or, upon notice to Lessor, may elect as its sole remedy to undertake the repairs itself, deducting the cost thereof from the rental due to become due under this Lease ~~and any other lease between Lessor and State.~~
- c) In the event of any such destruction other than total, where the State has not terminated the Lease as herein provided, ~~or pursuant to the terms hereof has not elected to make the repairs itself,~~ Lessor shall diligently prosecute the repair of the Leased Premises. Should Lessor fail to abide by the timeline given for the work, or abandon completion of the work and, in any event, if repairs are not completed within the period of thirty (30) days for destruction aggregating ten percent (10%) or less of the floor space, or within the period specified in

~~Lessor's notice in connection with partial destruction aggregating more than ten percent (10%); the State shall have the option to terminate this Lease or complete the repairs itself, as its sole remedy deducting the cost thereof from the rental due or to become due under this Lease and any other Lease between Lessor and State.~~

- d) In the event the State remains in possession of the Leased Premises though partially destroyed, the rental as herein provided shall be reduced by the same ratio as the net square feet the State is thus precluded from occupying bears to the total net square feet in the Leased Premises. "Net square feet" shall mean actual inside dimensions and shall not include public corridors, stairwells, elevators, and restrooms.
- e) The provisions of this Section shall apply only to those portions of the Leased Premises that remain under Lessor's ownership and subject to this Lease at the time of the casualty.

15. SERVICES AND UTILITIES:

- a) The Lessor shall furnish to the State, during Lease term, at Lessor's sole cost, the following services, utilities and supplies: (Enter "X" in each applicable box)

<input type="checkbox"/>	1) All utilities (except telephone)	<input checked="" type="checkbox"/>	5) Hot and Cold Water Equipment
<input type="checkbox"/>	2) Janitor Services & Supplies	<input type="checkbox"/>	6) Restroom Supplies
<input checked="" type="checkbox"/>	3) Drinking Fountain	<input checked="" type="checkbox"/>	7) Heat Equipment
<input type="checkbox"/>	4) Elevator Service	<input checked="" type="checkbox"/>	8) Air Conditioning Equipment

- b) The **janitorial service**, if provided above, shall be provided in accordance with the following schedule: NOT APPLICABLE

- 1) ~~**Daily:**
Dust all furniture, counters, cabinets and window sills; sweep all floors, empty all wastebaskets and ashtrays; dispose of all rubbish; clean and maintain in sanitary condition all restrooms and plumbing fixtures; sweep sidewalks, stairways and halls; remove snow from entrance ways and parking areas if present; clean the parking area; and replace light bulbs, tubes, ballasts and starters if necessary.~~
- 2) ~~**Weekly:**
Mop all floors and dust all venetian blinds. Vacuum carpets, if any.~~
- 3) ~~**Every Other Month:**
Strip and wax all floors.~~
- 4) ~~**Semi-Annually:**
Wash all windows, venetian blinds, light fixtures, walls and painted surfaces.~~

- c) In the event of the failure by the Lessor to furnish any such services, utilities or supplies in a satisfactory manner, the State may, following written Notice furnish the same at its own cost, and, as its sole remedy deduct the amount thereof from the rent due under this Lease.

16. SERVICES CREDIT: Intentionally Deleted.

17. **TIME OF THE ESSENCE:** Time is of the essence of this Lease, and the terms and provisions of this Lease shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns to the respective parties hereto.

18. **HOLDING OVER:** In the event the State remains in possession of the Leased Premises after the expiration of the term of this Lease, or any extension thereof, this Lease shall be automatically extended on a month to month basis, subject to thirty (30) days termination by either party, and otherwise on the terms and conditions herein specified, so far as applicable. Notwithstanding the foregoing, if the State remains in possession solely for the purpose of completing the transfer of ownership of any parcel as contemplated in this Lease or its exhibits, such possession shall not be deemed a holdover tenancy, and shall not trigger the automatic extension provisions of this section, provided that the State is not using the premises for any other purpose and the transfer is completed within a reasonable time.
19. **FINANCIAL INTEREST:** The Lessor will provide or has provided to the State a list of names and addresses of persons, associations, or corporations who hold any financial interest in the above Leased Premises; such list shall be immediately revised in the event of a transfer of any such interest.
20. **CODES:** The Lessor shall maintain the Leased Premises in accordance with all fire, building and life safety codes and the Americans with Disabilities Act.
21. **SPACE AUDIT:** Intentionally Deleted.
22. **PEST CONTROL:** The Lessor shall maintain the Leased Premises in a condition that is free of pests, rodents, and other vermin.
23. **BINDING AGREEMENT:** The Lessor fully understands that this Lease is not binding except and until all appropriate State officials' signatures have been fully obtained, approval of this Lease has been given by the State Building Commission, if applicable, and the fully executed document returned to the Lessor.
24. **PAYMENT OF TAXES:** Lessor, is a municipal corporation chartered pursuant to the laws of the State of Tennessee and shall pay all taxes applicable to it as a municipal corporation.
26. **ENTIRE AGREEMENT.** This Lease, including all exhibits and attachments hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, negotiations, representations, and warranties, both written and oral, with respect to such subject matter. No amendment or modification of this Lease shall be valid or binding unless in writing and signed by both parties.
26. **SPECIAL PROVISIONS:** Prior to the execution of this Lease, the special provisions which are described below and/or attached are incorporated by reference were agreed upon.
- (a) **Ownership Transfer:** Upon transfer of ownership of any portion of the Leased Premises from Lessor to the State, the leasehold interest in that property shall automatically terminate as of the date of transfer, and the terms of this Lease shall no longer apply to that property. All other provisions of this Lease shall remain in full force and effect with respect to the remaining Leased Premises.

IN WITNESS WHEREOF, this Lease has been executed by the parties hereto:

LESSOR

STATE

The City of Kingsport, Tennessee

Tennessee Board of Regents, on behalf of
Northeast State Community College

By:

Paul W. Montgomery
Mayor

By:

Jeff McCord
President

Attest:

By:

Angela Marshall
Deputy City Recorder

By:

Flora W. Tydings.
Chancellor

Approved as to form:

By:

Rodney B. Rowlett, III
City Attorney

Exhibit A – Property A

Property Description:

222 West Main Street, containing 12,000 rentable square feet to be used for educational facilities. The building known as consists of 4 (four) classrooms, three (3) computer labs, a learning Resource Center area, a general administrative area, a mechanical space and a communications room, storage area, break room, plus rest rooms and hallways. Being the property conveyed to the Lessor ~~in~~ via deed of record found at Deed Book 1342C, Page 76, Register's Office of Sullivan County, Tennessee and more particularly described as:

Beginning on a PK Nail in the intersection of the easterly right-of-way lines of Clay Street and the northerly right-of-way line of Main Street. Thence with the easterly right-of-way line of Clay Street N 34° 32' 18" E 150.09 feet to a PK Nail, said PK Nail being in the intersection of easterly right-of-way line of Clay Street and the southerly right-of-way line of a twenty foot alley. Thence leaving the easterly right-of-way line of Clay Street and proceeding with the southerly right-of-way line of the alley S 55° 36' 25" E 136.00 feet to an iron pin, said iron pin being a common corner to Fred L. Cason and the property herein described. Thence leaving the southerly right-of-way line of the alley and proceeding with the line of Cason S 34° 32' 18" W far a distance of 150.09 feet to a PK Nail, said PK Nail being in the northerly right-of-way line of Main Street. Thence leaving the line of Cason and proceeding with the northerly right-of-way line of Main Street N 55° 36' 25" W for a distance of 136.00 feet to the point of beginning. Containing 0.47 acres more or less.

Tax Map 046I GROUP F Parcel 016.10.

Transfer of Ownership:

Lessor shall use best efforts to transfer ownership of Property A, ~~the adjacent parking lot,~~ and associated properties of:

- The Kingsport Transit Center, consisting of the entire building of 13,700 square feet located at 109 Clay Street, and
- the Kingsport Transit Center garage, consisting of the entire building of 3,233 square feet in the following properties 121 Clay Street, 141 Clay Street, and 216 Clay Street.

to the State no later than ~~December~~ January 31, 2025. In the event that the transfer does not occur by that date, the parties agree to cooperate in good faith to complete the transfer as soon as reasonably practicable thereafter, but in no event later than ~~February 28~~ March 30, 2026.

Ownership shall be conveyed by means of a limited warranty deed to include a restrictive covenant with an automatic reverter limiting use of the property for the purpose of post secondary education. Additionally, Lessor shall be granted a right of first refusal should Lessee ever undertake any efforts to convey the property.

In addition to the foregoing Lessor shall convey via quit claim deed within the time period aforesaid the property identified by Tax Parcel ID No. 046I F 016.00 under such conditions or restrictions which provide for Lessors continued use of the property for public purposes to be negotiated by Lessor and Lessee. In the event Lessor and Lessee are unable to agree upon suitable conditions or restrictions for Lessors continued use of Tax Parcel ID No. 046I F 016.00 Lessor will convey same to Lessee before March 30, 2026 Lessor shall convey the same by that date reserving unto itself an easement for public parking purposes.

Grant Obligation:

The State agrees to assume and satisfy Lessor's grant obligation to the Federal Transit Administration (FTA) in connection with Property A.

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Exhibit B – Property B

Property Description: 300 Market Street, containing approximately 54,000sf. Being the property conveyed to the Lessor ~~in~~ via deeds of record found at Deed Book 2517C, Page 316, Deed Book 503C, Page 0256 and Deed Book 2663C, Page 545 Register's Office of Sullivan County, Tennessee, being more particularly identified as Tax Map 046I Group G Parcel 005.00, Tax Map 046I Group G Parcel 006.00, and Tax Map 046I Group G Parcel 007.00.

[LEGAL DESCRIPTION TO BE INCLUDED IN THE FINAL DOCUMENT]

Maintenance Responsibility:

The State shall assume responsibility for ~~major~~ all maintenance of Property B beginning January 1, 2026.

Transfer of Ownership:

Lessor shall transfer ownership of Property B and the adjacent parking lot to the State before the expiration of the Lease at no cost to the State. If, despite the parties' best efforts, the transfer has not been completed by the Lease expiration date, the parties agree to cooperate in good faith to complete the transfer as soon as reasonably practicable thereafter. Such post-term transfer shall not be construed as a renewal or extension of the Lease, nor shall it give rise to any holdover tenancy or additional lease obligations.

Ownership shall be conveyed by means of a limited warranty deed to include a restrictive covenant with an automatic reverter limiting use of the property for the purpose of post secondary education. Additionally, Lessor shall be granted the right of first refusal should Lessee ever undertake any efforts to convey the property.

Additionally, Lessor and Lessee shall negotiate in good faith such conditions or restrictions which provide for Lessors continued use of Tax Parcel 046I Group G Parcel 007.00 for public purposes to be negotiated by Lessor and Lessee. In the event Lessor and Lessee are unable to agree upon suitable conditions or restrictions for Lessors continued use of the property for public purposes Lessor will convey same to Lessee before expiration of this lease, or such date as agreed to by the parties. Lessor shall convey the same by that date reserving unto itself an easement for public parking purposes.

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Exhibit C – Property C

Property Description: ~~300 West Main Street~~ 101 Clinchfield Street, containing approximately 43,000sf. Being the property conveyed to the Lessor ~~in~~ via deed of record found at Deed Book 2697C, Page 0001S, Register's Office of Sullivan County, Tennessee; being more particularly described as:

BEGINNING at a nail located at the southern most corner of the Property herein described and the intersection of the northern edge of the right-of-way of Clay Street and the eastern edge of the right-of-way of Main Street. Thence with the chord of the curve of the eastern edge of the right-of-way of Main Street, N. 21° 25' 30" W., 531.62 feet, with a radius 563.22 feet, a delta 56° 19' 37" and a length of curve 553.64 feet to a railroad spike; thence N. 6° 44' 08" E., 99.78 feet to a railroad spike; thence S. 55° 36' 52" E., 366.05 feet to a railroad spike; thence S. 34° 23' 08" W., 190.00 feet to a railroad spike; thence S. 55° 36' 52" E., 120.00 feet to a calculated point; thence S. 34° 23' 08" W., 197.12 feet to the point of BEGINNING and being 2.473 acres, more or less, all as shown on the survey dated September 12, 2007, by Rick Kevin Bowers, Registered Land Surveyor, Tennessee No. 1481, and being the same Property conveyed to the Party of the First Part by Quitclaim Deed dated October 12, 2007, and of record in the Register's Office for Sullivan County at Blountville, Tennessee, in Book 2598C, at page 172; to all of which reference is hereby expressly made.

Tax Map 046I Group G Parcel 022.00

Maintenance Responsibility:

The State shall assume responsibility for ~~major~~ all maintenance of Property C beginning July 1, 2027.

Transfer of Ownership:

Lessor shall transfer ownership of Property C and the adjacent parking lots (being Tax Parcel Nos. 046I Group G Parcel 022.00, 046I Group G Parcel 012.00, 046I Group G Parcel 013.00, 046I Group G Parcel 015.00, and 046I Group G Parcel 016.00) to the State before the expiration of the Lease at no cost to the State. If, despite the parties' best efforts, the transfer has not been completed by the Lease expiration date, the parties agree to cooperate in good faith to complete the transfer as soon as reasonably practicable thereafter. Such post-term transfer shall not be construed as a renewal or extension of the Lease, nor shall it give rise to any holdover tenancy or additional lease obligations.

Ownership shall be conveyed by means of a limited warranty deed to include a restrictive covenant with an automatic reverter limiting use of the property for the purpose of post secondary education. Additionally, Lessor shall be granted the right of first refusal should Lessee ever undertake any efforts to convey the property.

Additionally, Lessor and Lessee shall negotiate in good faith such conditions or restrictions which provide for Lessors continued use of the parking lots for public purposes to be negotiated by Lessor and Lessee. In the event Lessor and Lessee are unable to agree upon suitable conditions or restrictions for Lessors continued use of the property for public purposes Lessor will convey same to Lessee before July 1, 2027, or such date as agreed to by the parties, Lessor shall convey the same by that date reserving unto itself an easement for public parking purposes.

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