

FORSYTH COUNTY

BOARD OF COMMISSIONERS

MEETING DATE: March 24, 2014

AGENDA ITEM NUMBER: 10

SUBJECT: RESOLUTION AUTHORIZING EXECUTION OF A LEASE AGREEMENT BETWEEN FORSYTH COUNTY AND SOLUTIONS BEHAVIORAL HEALTH SERVICES, PLLC FOR USE OF COUNTY OWNED PROPERTY (A PORTION OF BEHAVIORAL HEALTH COMPLEX) LOCATED AT 725 HIGHLAND AVENUE, WINSTON-SALEM, N.C.

COUNTY MANAGER'S RECOMMENDATION OR COMMENTS: Recommend Approval

SUMMARY OF INFORMATION:

Solutions Behavioral Health Services, PLLC will lease space at 725 Highland Avenue (Behavioral Health Complex) beginning on April 1, 2014. The lease agreement will expire on December 31, 2014. The total payment to be made to the County, in monthly installments, for use of the leased space (Rooms G04 and G08) is \$2,446.47 or \$271.83 per month.

ATTACHMENTS: YES NO

SIGNATURE: *J. Dudley Watts, Jr. /cdh*

COUNTY MANAGER

DATE: March 19, 2014

**RESOLUTION AUTHORIZING EXECUTION OF A
LEASE AGREEMENT BETWEEN FORSYTH COUNTY AND
SOLUTIONS BEHAVIORAL HEALTH SERVICES, PLLC FOR USE OF COUNTY
OWNED PROPERTY (A PORTION OF BEHAVIORAL HEALTH COMPLEX)
LOCATED AT 725 HIGHLAND AVENUE, WINSTON-SALEM, N.C.**

WHEREAS, Forsyth County owns property located at 725 Highland Avenue, Winston-Salem, N.C. which was previously leased by Forsyth County to CenterPoint Human Services for the purpose of providing mental health treatment and administration programs to the citizens of Forsyth County; and

WHEREAS, on March 11, 2013, the Forsyth County Board of Commissioners adopted a Resolution which authorized the County Manager to terminate the lease of the property to CenterPoint; and

WHEREAS, County staff reports that the County does not have a need for the property for County purposes during the term of the proposed new lease and recommends that the Board of County Commissioners authorize execution of the lease; and

WHEREAS, since the proposed lease agreement is for a term of nine months, no notice needs to be given prior to this meeting date pursuant to the provisions of N.C.G.S. 160A-272;

NOW, THEREFORE, BE IT RESOLVED that the Forsyth County Board of Commissioners hereby determines that the property which is the subject of the proposed lease agreement between Forsyth County and Solutions Behavioral Health Services, PLLC will not be needed for County purposes during the term of the proposed nine-month lease.

BE IT FURTHER RESOLVED a public notice does not need to be published pursuant to the provisions of N.C.G.S. 160A-272 since the proposed lease is for a term of less than one year.

BE IT FURTHER RESOLVED that the Chairman or County Manager and the Clerk to the Board are hereby authorized to execute, on behalf of Forsyth County, a Lease Agreement of the above-described property with Solutions Behavioral Health Services, PLLC, subject to a pre-audit certificate thereon by the County Chief Financial Officer, if applicable, and approval as to form and legality by the County Attorney. The original Lease Agreement is attached hereto and incorporated herein by reference.

Adopted this the 24th day of March 2014.

LEASE AGREEMENT

THIS AGREEMENT, made and entered into on April 1, 2014, by and between Forsyth County ("Landlord"), a political subdivision of the State of North Carolina, and Solutions Behavioral Health Services, PLLC ("Tenant"), a North Carolina corporation;

For the purpose and subject to the terms and conditions hereinafter set forth, the parties agree that Landlord shall lease to Tenant the properties hereinafter set forth.

1. PREMISES

Landlord, for and in consideration of the rents, conditions, and consideration hereinafter mentioned, provided for and covenanted to be paid, kept and performed by Tenant, leases to Tenant the area within the building located at 725 N. Highland Ave., Winston-Salem, North Carolina, as shown in Exhibit 1, attached hereto and incorporated herein by reference (hereinafter called the "Premises").

2. TERM

The Tenant shall have and hold the Premises for a term of 9 months beginning on April 1, 2014, and ending on December 31, 2014, unless sooner terminated as hereinafter provided. Notwithstanding anything to the contrary herein, Landlord may terminate the Agreement, for any reason or for no reason, by providing written notice of at least 90 days.

3. RENTAL

Tenant agrees to pay Landlord without demand, deduction or set off, a monthly rental for the Premises of \$271.83 due the first day of each month.

4. LATE CHARGES

If rent payment is not postmarked or hand delivered within 15 days after it becomes due, Tenant shall pay Landlord, as additional rental, a late charge equal to five percent (5%) of the overdue amount, plus any actual bank fees incurred for resumed or dishonored checks. The parties agree that such a late charge represents a fair and reasonable estimate of the cost Landlord will incur by reason of such late payment.

5. UTILITIES

Landlord shall be responsible for providing electric, water, stormwater, sewer, and gas service to the Premises. Tenant shall be responsible for providing its own telephone, computer and Internet service.

6. USE OF PREMISES

The Premises shall be used solely for the purpose of providing treatment and administration of programs regarding mental health, developmental disabilities, substance abuse and similar programs. The Premises shall not be used for any illegal purposes, nor in any manner to create any nuisance or trespass, nor in any manner to vitiate the insurance or increase the rate of insurance on the Premises. In the event Tenant's use of the Premises results in an increase in the rate of insurance on the Premises, Tenant shall pay to Landlord, upon demand and as additional rental, the amount of any such increase. This Lease shall be terminated immediately if the Premises are no longer used for the purpose set forth herein.

7. INDEMNITY; INSURANCE

Tenant agrees to and hereby does indemnify and hold Landlord harmless against all claims for damages to persons or property by reason of Tenant's use or occupancy of the Premises, and all expenses incurred by Landlord because thereof, including attorney's fees and court costs. Supplementing the foregoing and in addition thereto, Tenant shall during the term of this Lease and any extension or renewal thereof, and at Tenant's expense, maintain in full force the following insurance coverage:

A. Commercial General Liability Insurance. The Tenant shall maintain occurrence version commercial general liability insurance or equivalent form with a limit of not less than \$1,000,000 each occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than three times the occurrence limit. Such insurance shall:

1. **Include the County, its officials, officers, and employees as insureds** with respect to performance of the Services. The coverage shall contain no special limitations on the scope of protection afforded to the above listed insureds.

2. Be primary with respect to any insurance or self-insured retention programs covering the County, its officials, officers, and employees.

B. Commercial Property Insurance. The Tenant shall maintain special form (all risk) property insurance covering the Premises listed in 1. above and improvements therein for their full replacement value. Such insurance shall:

1. **Include the County as a named insured** with respect to Premises. The coverage shall contain no special limitations on the scope of protection afforded to the above listed insured.

2. Be primary with respect to any insurance or self-insured retention programs covering the County, its officials, officers, and employees.

C. Other Insurance Requirements. The Tenant shall:

1. Furnish the County with properly executed certificates of insurance which shall clearly evidence all insurance required in this section and provide that such insurance shall not be cancelled, allowed to expire, or be materially reduced in coverage except on 30 days' prior written notice to the County.
2. Provide certified copies of endorsements and policies, if requested by the County, in lieu of or in addition to certificates of insurance.
3. Replace certificates, policies, and endorsements for any such insurance expiring prior to completion of the services.
4. Maintain such insurance from the time the lease commences until the lease is terminated.
5. Place such insurance with insurers authorized to do business in North Carolina and having A. M. Best Company ratings of not less than A:VII. Any alternatives to this requirement shall require written approval of the County's Risk Manager.

D. The Tenant understands and acknowledges that these insurance coverage requirements are minimums and that they do not restrict or limit the hold harmless provisions of this agreement.

8. SERVICES BY LANDLORD

Landlord agrees to keep in good repair the Premises, except repairs rendered necessary by the negligence or intentional wrongful acts of Tenant, its agents, employees or invitees. Landlord shall provide reasonable building maintenance services, provided that Landlord shall not maintain any property belonging to Tenant or provided or altered by Tenant. Landlord shall maintain the grounds surrounding the building, including paving, the mowing of the grass, care of shrubs, general landscaping and snow removal as scheduled by Landlord. Landlord shall provide routine housekeeping services for the Premises, provided, however, that Landlord is not responsible for any damage to the Premises by Tenant. Landlord shall provide security services for the Premises; however, Landlord cannot guarantee the safety of Tenant in or around the Premises. Tenant shall be responsible for employee safety. Tenant shall promptly report in writing to Landlord any defective condition known to it which Landlord is required to repair and failure to report such conditions shall make Tenant responsible to Landlord for any liability incurred by Landlord by reasons of such conditions.

9. REPAIRS BY TENANT

Tenant accepts the Premises in their present condition and as suited for the uses intended by Tenant. Tenant agrees to return the Premises to the Landlord at the expiration or prior termination of this Lease, in as good condition and repair as when first received, natural wear and tear, damage by storm, fire, lightning, earthquake or other casualty alone excepted. Tenant, Tenant's employees, agents, contractors or subcontractors shall take no action which may void any manufacturers or installers warranty with relation to the Premises. Tenant shall indemnify and hold Landlord harmless from any liability, claim, demand or cause of action arising on account of Tenant's breach of the provisions of this paragraph.

10. ALTERATIONS

Tenant shall not make any alterations, additions, or improvements to the Premises without Landlord's prior written consent. Tenant shall promptly remove any alterations, additions, or improvements constructed in violation of this Paragraph upon Landlord's written request. All approved alterations, additions, and improvements will be accomplished in a good and workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord, free of any liens or encumbrances. Landlord may require Tenant to remove any alterations, additions or improvements (whether or not made with Landlord's consent) at the termination of the Lease and to restore the Premises to its prior condition, all at Tenant's expense. All alterations, additions and improvements which Landlord has not required Tenant to remove shall become Landlord's property and shall be surrendered to Landlord upon the termination of this Lease, except that Tenant may remove any of Tenant's machinery or equipment which can be removed without material damage to the Premises. Tenant shall repair, at Tenant's expense, any damage to the Premises caused by the removal of any such machinery or equipment.

11. REMOVAL OF FIXTURES

Tenant may (if not in default hereunder) prior to the expiration of this Lease, or any extension or renewal thereof, remove all fixtures and equipment which it has placed in the Premises, provided Tenant repairs all damage to the Premises caused by such removal.

12. DESTRUCTION OF OR DAMAGE TO PREMISES

If the Premises are totally destroyed by storm, fire, lightning, earthquake or other casualty, this lease shall terminate as of the date of such destruction and rental shall be accounted for as between Landlord and Tenant as of that date. If the premises are damaged but not wholly destroyed by any such casualties, rental shall abate in such proportion as effective use of the Premises has been affected and Landlord shall restore Premises to substantially the same condition as before damage as speedily as is practicable, whereupon full rental shall recommence. Tenant is responsible for insuring its personal property stored on the Premises,

and Landlord shall not be responsible for any damage or loss to Tenant's property.

13. GOVERNMENTAL ORDERS

Tenant agrees, at its own expense, to comply promptly with all requirements of any legally constituted public authority made necessary by reason of Tenant's occupancy of the Premises. Landlord agrees to comply promptly with any such requirements if not made necessary by reason of Tenant's occupancy.

14. CONDEMNATION

If the whole of the Premises, or such portion thereof as will make the Premises unusable for the purposes herein leased, is condemned by any legally constituted authority for any public use or purpose, then in either of said events the term hereby granted shall cease from the date when possession thereof is taken by public authorities, and rental shall be accounted for as between Landlord and Tenant as of said date. Such termination, however, shall be without prejudice to the rights of either Landlord or Tenant to recover compensation and damage caused by condemnation from the condemner. It is further understood and agreed that Tenant shall not have any rights in any award made to Landlord by any condemnation authority.

15. ASSIGNMENT AND SUBLETTING

Tenant shall not, without the prior written consent of Landlord, which shall not be unreasonably withheld, assign this Lease or any interest hereunder, or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than the Tenant. Consent to any assignment or sublease shall not impair this provision and all later assignments or subleases shall be made likewise only on the prior written consent of Landlord. The Assignee of Tenant, at the sole option of Landlord which option may be exercised only by written notice of Landlord to Tenant, may become directly liable to Landlord for all obligations of Tenant hereunder, but no sublease or assignment by Tenant shall relieve Tenant of any liability hereunder. Any assignee or sublessee of the Premises must comply with the use provisions set forth in Section 6 herein.

16. EVENTS OF DEFAULT

To the extent allowed by law, the happening of any one or more of the following events (hereinafter any one of which may be referred to as an "Event of Default") during the term of this Lease or any renewal or extension thereof, shall constitute a breach of this Lease on the part of the Tenant: (a) Tenant fails to pay the rental as provided for herein; (b) Tenant abandons or vacates the Premises; (c) Tenant fails to comply with or abide by and perform any other obligation imposed upon Tenant under this Lease; (d) Tenant is adjudicated bankrupt; (e) A permanent receiver is appointed for Tenant's property and such receiver is not removed within sixty (60) days after written notice from Landlord to Tenant to obtain such removal; (f) Tenant, either voluntarily or involuntarily, takes advantage of any debt or relief proceedings under any present or future law, whereby the rent or

any part thereof is, or is proposed to be reduced or payment thereof deferred; (g) Tenant makes an assignment for benefit of creditors; (h) Tenant's effects are levied upon or attached under process against Tenant, which is not satisfied or dissolved within thirty (30) days after written notice from Landlord to Tenant to obtain satisfaction thereof.

17. REMEDIES UPON DEFAULT

Upon the occurrence of Event of Default, Landlord may pursue any one or more of the following remedies separately or concurrently, without prejudice to any other remedy herein provided or provided by law; (a) if the Event of Default involves nonpayment of rental and Tenant fails to cure such default with five (5) days after receipt of written notice thereof from Landlord, or if the Event of Default involves a default in performing any of the terms or provisions of this Lease other than the payment of rental and Tenant fails to cure such default within thirty (30) days after receipt of written notice of default from Landlord, Landlord may terminate this Lease. (if Tenant has failed to cure such default after receiving 30 days written notice) by giving written notice to Tenant and upon such termination shall be entitled to recover from Tenant damages as may be permitted under applicable law; or (b) if the Event of Default involves any matter other than those set forth in item (a) of this paragraph, Landlord may terminate this Lease by giving written notice to Tenant and, upon such termination, shall be entitled to recover from the Tenant damages in an amount equal to all rental which is due and all rental which would otherwise have become due throughout the remaining term of this Lease, or any renewal or extension thereof (as if this Lease had not been terminated); or (c) upon any Event of Default (if Tenant has failed to cure such default after 30 days written notice), Landlord, as Tenant's agent, without terminating this Lease, may either up and rent the Premises, in whole or in part, at the best price obtainable by reasonable effort, without advertisement and by private negotiations and for any term Landlord deems proper, with Tenant being liable to Landlords for the deficiency, if any, between Tenant's rent hereunder and the price obtained by Landlord on reletting, provided however, that Landlord shall not be considered to be under any duty by reason of this provision to take any action to mitigate damages by reason of Tenant's default. In the event Landlord hires an attorney to enforce its rights upon default, Tenant shall in addition be liable for reasonable attorney's fees and all costs of collection.

18. EXTERIOR SIGNS

Tenant shall place no signs upon the outside walls or roof of the Premises, except with the express written consent of the Landlord. Any and all signs placed on the Premises by Tenant shall be maintained in compliance with governmental rules and regulations governing such signs and Tenant shall be responsible to Landlord for any damage caused by installation, use or maintenance of said signs, and all damage incident to removal thereof.

19. PARKING

Tenant shall be entitled to use parking spaces as available and as assigned by Landlord in the lots serving the Premises.

20. LANDLORD'S ENTRY OF PREMISES

Landlord may advertise the Premises For Rent or For Sale. Landlord may enter the Premises at any time necessary to access the Department of Health pharmacy at 725 N. Highland Ave. and at reasonable hours to exhibit the Premises to prospective purchasers or tenants, to inspect the Premises and to make repairs required of Landlord or to provide services under the terms hereof or to make repairs to Landlord's adjoining property, if any.

21. EFFECT OF TERMINATION OF LEASE

No termination of this Lease prior to the normal ending thereof, by lapse of time or otherwise, shall affect Landlord's right to collect rent for the period prior to termination thereof.

22. MORTGAGEE'S RIGHTS

Tenant's rights shall be subject to any bona fide mortgage, deed of trust or other security interest which is now or may hereafter be placed upon the Premises by Landlord. Tenant shall, if requested by Landlord, execute a separate agreement reflecting such subordination, and shall be obligated to execute such documentation as may facilitate Landlord's sale or refinancing of the Premises, including, but not limited to estoppel certificates, subordination or attornment agreements.

23. QUIET ENJOYMENT

So long as Tenant observes and performs the covenants and agreements contained herein, it shall at all times during the Lease term peacefully and quietly have and enjoy possession of the Premises, but always subject to the terms hereof. Notwithstanding anything to the contrary herein, in the event Landlord shall sell or otherwise transfer its interest in the Premises, Tenant agrees to attorn to any new owner or interest holder and shall, if requested by Landlord, execute a separate agreement reflecting such attornment, provided that said agreement requires the new owner or interest holder to recognize its obligations and Tenant's rights hereunder.

24. HOLDING OVER

~~If Tenant remains in possession of the Premises after expiration of the term hereof, with Landlord's acquiescence and without any express agreement of the parties, Tenant shall be a tenant at will at the rental rate which is in effect at end of this Lease and there shall be no renewal of this Lease by operation of law. If Tenant remains in possession of the Premises after expiration of the term hereof without Landlord's acquiescence, Tenant shall be a tenant at sufferance and commencing on the fraction thereof during which Tenant so remains in~~

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~~possession of the premises, be twice the monthly rental otherwise payable under Paragraph 3 above.~~

25. RIGHTS CUMULATIVE

All rights, powers and privileges conferred hereunder upon parties hereto shall be cumulative and not restrictive of those given by law.

26. WAIVER OF RIGHTS

No failure of Landlord or Tenant to exercise any power given hereunder or to insist upon strict compliance of its obligations hereunder and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Landlord's or Tenant's right to demand exact compliance with the terms hereof.

27. ENVIRONMENTAL LAWS

Tenant shall be liable for all environmental damage, liability or cost, including attorney's fees, arising out of Tenant's use of the Premises and shall defend and hold Landlord harmless from any claims or actions relating to environmental damage, spills, exposure or other effects. Tenant shall comply with all federal, state, and local laws, ordinances, and regulations. Tenant shall not bring unto the Premises any Hazardous Materials without the prior written approval by Landlord. Any approval must be preceded by submission to Landlord of appropriate Material Safety Data Sheets (MSDS Sheets). In the event of approval by Landlord, Tenant covenants that it comply with all requirements of any constituted public authority and all federal, state, and local codes, statutes, rules and regulations, and laws, whether now in force or hereafter adopted relating to Tenant's use of the Premises, or relating to the storage, use, disposal, processing, distribution, shipping or sales of any hazardous, flammable, toxic or dangerous materials, waste or substance, the presence of which is regulated by a federal, state, or local law, ruling, rule or regulation (hereafter collectively referred to as "Hazardous Materials"); (2) comply with any reasonable recommendations by the insurance carrier of either Landlord or Tenant relating to the use by Tenant on the Premises of such Hazardous Materials; (3) refrain from unlawfully disposing of or allowing the disposal of any Hazardous Materials upon, within, about or under the Premises; and (4) remove all Hazardous Materials from the Premises, either after their use by Tenant or upon the expiration or earlier termination of this lease, in compliance with all applicable laws.

28. TIME OF ESSENCE

Time is of the essence in this Lease.

29. ABANDONMENT

Tenant shall not abandon the Premises at any time during the Lease term. If Tenant shall abandon the Premises or be dispossessed by process of law, any personal property belonging to Tenant and left on the Premises shall, at the option of Landlord, be deemed abandoned, and available to Landlord to use or sell to offset any rent due or any expenses incurred by removing same and restoring the Premises.

30. DEFINITIONS

"Landlord" as used in this Lease shall include the undersigned, its representatives, assigns, and successors in title to the Premises. "Agent" as used in this Lease shall mean the party designated as same in Paragraph 34, its heirs, representatives, assigns and successors. "Tenant" shall include the undersigned and its representatives, assigns and successors, and if this lease shall be validly assigned or sublet, shall include also Tenant's assignees or sublease as to the Premises covered by such assignment or sublease. "Landlord", "Tenant", and "Agent" include male and female, singular and plural, corporation, partnership or individual, as may fit the particular parties.

31. NOTICES

All notices required or permitted under this Lease shall be in writing and shall be personally delivered or sent by U.S. certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered or sent to the following address:

Mary Jane McGill, CEO
Solutions Behavioral Health Services
632 Holly Avenue
Winston-Salem, NC 27101

Notice to Landlord shall be delivered or sent to the following address:

Dudley Watts
County Manager
Forsyth County Government Center
201 N. Chestnut St.
Winston-Salem, NC 27101

All notices shall be effective upon delivery. Any party may change its notice address upon written notice to the other parties, given as provided herein.

32. ENTIRE AGREEMENT

This Lease contains the entire agreement of the parties hereto, and no representations, inducements, promises or agreements, oral or otherwise, between the parties, not embodied herein shall be of any force or effect. This Lease may not be modified except by a writing signed by all the parties hereto.

33. AUTHORIZED LEASE EXECUTION

Each individual executing this Lease as director, officer, partner, member or agent of a corporation, limited liability company, or partnership represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of such corporation, limited liability company, or partnership.

34. TRANSFER OF LANDLORD'S INTEREST

In the event of the sale, assignment or transfer by Landlord of its interest in the Premises or in this Lease (other than a collateral assignment to secure a debt of Landlord) to a successor in interest who expressly assumes the obligations of Landlord under this Lease, Landlord shall thereupon be released and discharged from all its covenants and obligations under this Lease, except those obligations that have accrued prior such sale, assignment or transfer. Landlord's assignment of this Lease, or of any or all of its rights in this Lease, shall not affect Tenant's obligations hereunder, and Tenant shall attorn and look to the assignee as Landlord, provided Tenant has first received written notice of the assignment of Landlord's interest.

35. MEMORANDUM OF LEASE

Upon request by either Landlord or Tenant, the parties hereto shall execute a short form lease (Memorandum of Lease) in recordable form, setting forth such provisions hereof (other than the amount of Base Monthly Rent and other sums due) as either party may wish to incorporate. The cost of recording such Memorandum of Lease shall be borne by the party requesting execution of same.

36. GOVERNING LAW

This Agreement is governed by the laws of North Carolina, except that provisions relating to conflict of laws shall not apply.

37. EXHIBITS

Exhibit 1, a drawing that shows the Premises described in Section 1 hereinabove, is incorporated herein by reference. This drawing is not a formal survey and is only a general representation of boundaries. If there is any discrepancy between Exhibit 1 and any other provision of this Agreement, such other provision of this Agreement shall govern.

IN WITNESS WHEREOF, Landlord and Tenant have set their hands and seals as of the day and year first above written.

FORSYTH COUNTY, NORTH CAROLINA

By: _____
County Manager

ATTEST:

Clerk to the Board

(SEAL)

NAME

By: _____ (SEAL)

Its _____

