

STATE OF NORTH CAROLINA

LEASE AGREEMENT

COUNTY OF WAKE

THIS LEASE AGREEMENT ("Lease"), executed as of the last date set forth in the notary acknowledgments below by and between the STATE OF NORTH CAROLINA, a body politic and corporate (hereinafter referred to as "Lessor") and the CITY OF RALEIGH, a North Carolina municipal corporation (hereinafter referred to as "Lessee") and effective as set forth herein. Lessor and Lessee are at times collectively referred to hereinafter as the "Parties" or individually as the "Party."

RECITALS

- A. Lessor is the owner of the Land (as herein defined) situated in the City of Raleigh, Wake County, North Carolina.
- B. Lessor desires to lease the Land to Lessee, and Lessee desires to lease the Land from Lessor on the terms and conditions and for the purposes set forth herein.
- C. The execution of this Lease for and on behalf of Lessor has been duly approved by the Governor and Council of State at a meeting held in Raleigh, North Carolina on the 4th day of December, 2012 and all conditions precedent to the commencement of this Lease shall have been fulfilled not later than the Commencement Date.
- D. The execution of this Lease for and on behalf of Lessee has been duly approved by the Raleigh City Council on the 4th day of December, 2012.
- E. Lessor and Lessee agree that this Lease shall be effective as of the Commencement Date, as said term is defined herein.

In consideration of the less than market rents and the mutual covenants contained in this Lease, Lessor and Lessee agree as follows:

1. Definitions. In addition to the defined terms set forth elsewhere in this Lease, unless the context otherwise requires, the following terms used in this Lease as indicated by their initial capitalization shall be defined as follows:

1.1 "Buildings, Improvements and Structures" means all existing buildings, improvements and structures situated on or under the Land as set forth on Exhibit D attached hereto and incorporated into the Lease and made a part hereof for all relevant purposes.

1.2 "Council of State" means that body defined in Article III of the North Carolina Constitution or any one or more successor bodies, agencies or organs of the State of North Carolina clothed with similar authority to approve the transfer of interests in real property owned

by the State of North Carolina or to approve conditions applicable to the use of real property owned by the State of North Carolina.

1.3 “DHHS” means the North Carolina Department of Health and Human Services or any successor agency or agencies thereto performing the same or similar functions.

1.4 “DOA” means the North Carolina Department of Administration or any successor agency or agencies thereto performing the same or similar functions.

1.5 “Demolition Plan” means Lessee’s plan for the demolition of certain Buildings, Improvements and Structures located on or under the Land as generally described and incorporated within the Master Plan.

1.6 “Destination Park” means the repurposing, improvement and development of the Land for the use of the general public in such a manner that it allows for the general public to enjoy the natural features of the Land while providing a variety of park experiences, all in accordance with the Master Plan.

1.7 “Environmental Laws” means all federal, state and local laws, ordinances, codes, rules, rulings, restrictions, orders, judgments, decrees, writs, judicial or administrative interpretations, and regulations now or hereafter in force, as amended from time to time, in any way relating to or regulating human health or safety, or protection of the environment, or pollution or contamination of the air, soil, surface water, drinking water, or groundwater, and includes, without limitation: the Comprehensive Environmental Response, Compensation, and Liability Act; the Solid Waste Disposal Act; the Clean Air Act, the Clean Water Act; the Resource Conservation and Recovery Act; the Toxic Substance Control Act; the Occupation, Health and Safety Act; the North Carolina Solid Waste Management Act; the North Carolina Childhood Lead Exposure Control Act; and the North Carolina Oil Pollution and Hazardous Substances Control Act; the North Carolina Inactive Hazardous Sites Act; the North Carolina Superfund Act, and the North Carolina Brownfields Property Reuse Act.

1.8 “Land” means those parcels or tracts of land located in the City of Raleigh, Wake County, North Carolina comprising a total of approximately three hundred twenty-five acres, more or less, and including all improvements situated thereon as of the Commencement Date, as said parcels or tracts of land are shown and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the “Land”). Subsequent to the execution of this Lease, the Parties may provide a more particular legal description of the Land by written letter agreement; provided that any such description does not materially alter the terms of this Lease.

1.9 “Leased Premises” means that portion of the Land not included within the Retained Premises as set forth herein, and such portions of the Retained Premises the possession of which is surrendered from time to time by Lessor to Lessee in accordance with the terms and conditions hereof.

1.10 “Leasehold Improvements” means those buildings, facilities, structures and improvements constructed or installed by Lessee on the Land pursuant to the Master Plan.

1.11 “Master Plan” means the comprehensive, detailed schematic development plan, as may be amended from time to time, together with supporting documentation, prepared by Lessee, at its sole cost and expense, for the repurposing of all the Land into a world-class public Destination Park, all in a form that is usual and customary for such major projects, a courtesy copy of which is provided to DOA after adoption and at least six (6) months prior to the commencement of implementation, with a courtesy copy of any amendment(s) thereto being provided to DOA after adoption and at least ninety (90) days prior to the implementation of any such amendment, setting forth among other things: planning for the use of existing natural areas and open space; integrated design plan for the conservation, enhancement and expansion of greenspace and landscape features; installation of walking and biking pathways and trails; connection to nearby greenways and dedicated public trails; demolition, severance, relocation or renovation of Buildings, Improvements and Structures; restoration of historic Buildings, Improvements and Structures; site plans for Leasehold Improvements; streetscape facilities and features, including lighting and utilities; public art and other cultural amenities; pedestrian, vehicular and non-vehicular circulation and traffic; streets; parking; investigation; and entitlement of the Land by way of zoning changes required to support the Destination Park, and in conformance with applicable governmental regulations.

1.12 “Park Component” means those certain features, facilities, structures or amenities, developed, constructed or installed in accordance with the Master Plan, or the sites and appurtenant streets therefor as to which Lessee has gone into possession for purposes of construction.

1.13 “Retained Premises” means that portion of the Land comprised of certain Buildings, Improvements and Structures, parking areas and ancillary facilities appurtenant thereto possession of which is retained by Lessor, in whole or in part and in accordance with the terms and conditions of this Lease, all as more particularly described in Exhibit B attached hereto and incorporated herein by reference. Hereafter and from time to time, the Parties may revise the description of the Retained Premises by written letter agreement; provided that any such revisions do not materially alter the terms of this Lease.

1.14 “State Lands” means as said term is defined in N.C. Gen. Stat. §146-64.

2. Incorporation of Recitals and Exhibits.

2.1 Incorporation of Recitals. The Recitals set forth herein are hereby incorporated in the Lease the same extent as if hereinafter fully set forth.

2.2 Exhibits. The following exhibits are attached to this Lease and are made part of this Lease:

A. Exhibit A – Description of the Land.

B. Exhibit B – Description of Retained Premises.

B.1. Schedule B-1 – Spreadsheet dated December 11, 2012, captioned “Building and Parking Area Estimate for Dix Campus.”

C. Exhibit C – Notice of Surrender of Retained Premises (or portion thereof).

D. Exhibit D – Buildings, Improvements and Structures.

D.1. Schedule D-1 – Map listing and depicting the Buildings, Improvements and Structures located on the Land.

3. Lease of Land and Term.

3.1 Lease of Land. Lessor, for and in consideration of the rentals hereinafter provided and in further consideration of the covenants, conditions and provisions hereinafter set forth, does hereby rent, lease and demise unto Lessee for and during the Term, as defined herein, subject to and in accordance with the terms and conditions herein set forth, the Land, with all rights, privileges and appurtenances thereunto belonging.

3.2 Term. The initial term of this Lease shall be for a period of seventy-five (75) years commencing on December 31, 2012 (the “Commencement Date”) and, unless sooner terminated as provided herein, shall expire on December 30, 2087 at 2400 hours (the “Initial Term”). If Lessee is not in default hereunder, Lessee shall have the option to renew this Lease for one (1) additional twenty-four (24) year period (the “Renewal Term”) by providing Lessor not less than five (5) years notice of its intent to so renew prior to the expiration of the Initial Term. The Initial Term and the Renewal Term are collectively referred to herein as the “Term.”

3.3 Retained Premises Term. Lessor, in accordance with the terms and conditions hereof, shall have the right to continue to possess and occupy the Retained Premises in whole or in part for a period not to exceed fifteen (15) years beginning on the Commencement Date and terminating on December 30, 2027 at 2400 hours (“Retained Premises Termination Date”). At any time prior to the Retained Premises Termination Date, Lessor, in its sole discretion, may surrender the Retained Premises or any portion or portions thereof to Lessee by providing Lessee with written notice of such surrender no less than twelve (12) months prior to the date possession is to be relinquished to Lessee. Lessor shall deliver such relinquished premises in the their present condition as of the date of this Lease, normal wear and tear excepted, having been maintained as required in Section 6.2 of this Lease. Lessor shall provide such advance written notice to Lessee in a form substantially similar to that attached hereto and incorporated herein as Exhibit C. Upon surrender by Lessor to Lessee, the portion of the Retained Premises thus surrendered shall become apart of the Leased Premises. The period of time between the Commencement Date and the earlier of the following to occur (1) the date that possession of all of the Retained Premises has been surrendered by Lessor to Lessee; or (2) the Retained Premises Termination Date, is hereinafter referred to as the “Retained Premises Term.”

4. Rent.

4.1 Base Rent. The "Base Rent" paid by Lessee to Lessor for the Land for each Annual Rental Period, as said term is defined herein, during the Term shall begin at Five Hundred Thousand and 00/100 Dollars (\$500,000.00).

4.2 Annual Rental Period. Each "Annual Rental Period" shall consist of one (1) year beginning on the Commencement Date and on each subsequent anniversary of the Commencement Date throughout the Term, and terminating on the 30th day of December next following that anniversary date at 2400 hours. If Lessee exercises its option to renew this Lease for the Renewal Term and this Lease is not sooner terminated as provided herein, there shall be ninety-nine (99) Annual Rental Periods during the Term.

4.3 Annual Increased Rent. At the beginning of the second (2nd) Annual Rental Period and at the beginning of each Annual Rental Period thereafter throughout the Term, the Base Rent paid by Lessee to Lessor for the Land shall be increased by multiplying the then existing unadjusted Base Rent by the sum of 1.015; said product becoming the Base Rent for the Annual Rental Period then commencing.

4.4 Rent Adjustment in Consideration of the Retained Premises. The initial Base Rent paid by Lessee to Lessor for the Land during the first Annual Rental Period and the Base Rent paid by Lessee to Lessor for the Land for each subsequent Annual Rental Period shall be reduced by the percentage by which the Land comprising the Retained Premises (calculated to the nearest one hundredth acre) bears to three hundred twenty-five (325). The Base Rent as increased in Section 4.3 and adjusted in this Section 4.4 is hereinafter referred to as "Rent." Any adjustment in Rent will be effective for the Annual Rental Period next following the date on which any relinquishment of the Retained Premises occurs. The Parties shall meet at such time or times as are mutually agreeable prior to the 1st day of July, 2013, to verify the measurements used to calculate the Retained Premises as described in Exhibit B attached hereto.

4.5 Due Date. Rent for the first Annual Rental Period shall be due and payable on the 1st day of July, 2013. Rent for each Annual Rental Period thereafter shall be due and payable on the 1st day of July each year during the Term. For the purposes of the payment of Rent, July 1, 2013, and each anniversary thereof, is referred to herein as the "Due Date." Rent shall be payable to Lessor c/o DOA at 1321 Mail Service Center, Raleigh, North Carolina 27699-1321, or to such other agency or place as Lessor may, from time to time, designate in writing at least thirty (30) days in advance of the Due Date.

5. Permitted Use; Approval and Implementation of Master Plan and Leasehold Improvements.

5.1 Permitted Use. Subject to the terms and conditions of this Lease, the entire Leased Premises shall only be used by Lessee for the development, construction, operation and maintenance of a Destination Park in accordance with the Master Plan and no part of it shall be

used for any other purpose without the prior written consent of DOA, after consultation with DHHS or other occupant of the Retained Premises and the approval of Council of State. In no event shall Lessee use or issue permits for the use of any portion of the Leased Premises which use would unreasonably interfere with Lessor's use of the Retained Premises, or which use would cause Lessor to incur additional maintenance cost. No provision of this Lease shall expand the zoning authority of Lessee as provided in Article 19, Part 3 of N.C. Gen. Stat. 160A, as may be amended from time to time.

5.2 Private Use. The Parties acknowledge that the Office of State Treasurer has advised: that certain of the existing capital facilities on the Leased Premises were financed by issuance of bonds or other financing instrumentalities; and that such financing often included the requirement that those capital facilities were to be used only for governmental uses or for the use of the general public. Therefore, it is a requirement of this Lease that before the Leased Premises may be employed for the use or benefit of private parties and organizations such intended use must be reported to the Office of State Treasurer for approval, with a copy of that report being transmitted to Lessor, notwithstanding other approvals required herein.

5.3 Master Plan. Lessee, at its sole cost and expense, shall prepare the Master Plan for the repurposing and development of all of the Land into a Destination Park. Lessee shall provide DOA with a courtesy copy of the Master Plan after its adoption and at least six (6) months prior to the commencement of its implementation. Lessee shall also provide DOA with a courtesy copy of any subsequent amendment(s) to the Master Plan after adoption and at least ninety (90) days prior to the commencement of implementation of any revisions to the Master Plan as may be provided in any such amendment(s).

5.4 Implementation of Master Plan. Lessee shall begin implementation of the Master Plan before the eleventh (11th) anniversary of the Commencement Date; failure to begin implementation of the Master Plan prior to such date shall constitute a default and abandonment by Lessee under this Lease.

5.5 Demolition and Severance Approval. No Buildings, Improvements and Structures shall be demolished or severed from the Leased Premises without Lessor's prior approval except under an approved Demolition Plan, which will be made part of the Master Plan, such consent or approval not to be unreasonably withheld; provided that in the event Lessee determines it is necessary or convenient to demolish or sever one or more Buildings, Improvements and Structures on the Leased Premises not under an approved Demolition Plan, then Lessee may seek approval for such demolitions or severances from DOA and the Council of State in accordance with applicable law or as otherwise provided pursuant to Council of State rules or delegations.

5.6 Leasehold Improvements. Leasehold Improvements shall be made by Lessee at its sole cost and expense in accordance with the Master Plan and in compliance with statutes, rules, regulations and codes applicable to the construction and installation of improvements on State Lands, except for those provision of statutes, rules, regulation, and codes that apply to the procurement of contractors to make the Leasehold Improvements. Prior to the commencement

of construction or installation of any Leasehold Improvement, Lessee shall deliver plans and specifications for the intended work to Lessor for written approval by DOA, and any other agency or agencies designated by Lessor.

6. Condition of Premises, Maintenance and Utilities.

6.1 Condition of Leased Premises. Lessor agrees to deliver the Leased Premises to Lessee in its present condition with all faults. Except as otherwise expressly provided herein, Lessee acknowledges that the Leased Premises is being delivered "as is," that Lessee has concluded on its own judgment that the Leased Premises are suitable for the purposes intended, without any representations or warranties of any kind (including, without limitation, any express or implied warranties of merchantability, fitness or habitability) from Lessor or any agent of Lessor. Lessee's entry into possession shall constitute conclusive evidence that as of the date thereof the Leased Premises were in good order and satisfactory condition, subject to the existence of any Regulated Materials, as defined in Section 9, on or under the Land or in any Buildings, Improvements and Structures. Lessee further acknowledges that this Lease is subordinate to all existing leases, easements and rights of way encumbering the Leased Premises and any easements and rights of way Lessor conveys on or upon the Land in accordance with the terms hereof, including, without limitation, that certain lease of a portion of the Land to The Healing Place of Wake County and that certain lease of a portion of the Land to Lessee for soccer fields, and any easements benefiting adjacent land owned by Lessor.

6.2 Lessor's Maintenance Responsibilities. During the Retained Premises Term, Lessor, in its sole discretion and at its sole cost and expense, shall be responsible for maintaining those portions of the Land not comprising a Park Component as follows: (a) vacant grounds shall be maintained to the extent and in a manner comparable to that which Lessor maintains other State Lands; (b) occupied Buildings, Improvements and Structures, including parking facilities, shall be maintained in their present usable condition; and (c) vacant Buildings, Improvements and Structures, unused parking facilities and streets, including appurtenant sidewalks, curbs, gutters and drainage structures, shall be maintained as reasonably necessary to curtail waste.

6.3 Lessee's Maintenance Responsibilities. During the Retained Premises Term, Lessee shall be responsible, at its sole and cost and expense, for maintaining those portions of the Leased Premises comprised of Park Component(s). At the expiration of the Retained Premises Term, Lessee shall assume all maintenance responsibilities for the Land and shall maintain the Land for the remainder of the Term, at its sole cost and expense, in accordance with the Master Plan and its codes, ordinances and regulations. Lessee shall not be responsible for improvements, renovations, corrective actions or other alterations of the Leased Premises which are required by federal, state or local agencies pursuant to environmental laws arising solely out of prior use by Lessor.

6.4 Utilities. During the Retained Premises Term, Lessor shall be solely responsible for all charges, fees and expenses associated with the provision of utilities to those portions of the Land not comprising a Park Component. Lessee, during the Retained Premises Term, shall be solely responsible for all charges, fees and expenses associated with the provision of utilities

to those portions of the Leased Premises comprising a Park Component. At the expiration of the Retained Premises Term, Lessee shall be solely responsible for all charges, fees and expenses associated with the provision of utilities to the Land for the remainder of the Term.

7. Access and Easements.

7.1 Lessee's Right of Access. During the Retained Premises Term, Lessee and Lessee's agents or employees shall have the right to enter upon the Retained Premises from time to time and conduct such inspections, tests, studies and surveys as Lessee may deem necessary (collectively, the "Inspections") in order to fully develop the Master Plan and to quantify the maintenance and environmental remediation work necessary with respect to the Buildings, Improvements and Structures, provided that prior to any such entry Lessee shall obtain Lessor's written authorization to enter upon the Retained Premises and shall notify Lessor of (a) the purpose of such entry, (b) the location of any Inspections to be performed, and (c) the time such Inspections shall occur, subject to consultation with DHHS or other occupant of the Retained Premises to insure the occupant's quiet enjoyment thereof and any special security requirements. Lessee and/or its agents, representatives, contractors, subcontractors and consultants shall be adequately insured with respect to the conduct of the Inspections. Lessor shall grant Lessee's reasonable requests for entry upon the Retained Premises with the agreement that Lessee shall leave the Retained Premises in substantially the same or better condition as it was prior to the entry thereon by Lessee or its agents or employees or, in the event of any damage to the Retained Premises, Lessee shall repair and restore the Retained Premises substantially to its prior condition. Lessee agrees to hold Lessor harmless from any loss or damage to persons or property, including reasonable attorneys' fees, arising out of the entry upon the Retained Premises by Lessee, its agents or employees, or arising out of the Inspections that Lessee, its agents or employees may conduct pursuant to this Section 7.

7.2 Lessor's Right of Access. In addition to all other rights of access retained herein by Lessor, Lessor reserves the right for its DHHS or any other agency which is assigned space in the Retained Premises, and any successor agencies, together with the agency's officers, agents, contractors, employees, and invitees to enter upon the Retained Premises at any time in the assigned agency's sole discretion. Lessor reserves the right for it and any of its agencies, their officers, agents and employees, to enter upon the Land at any reasonable time during the Term in view of the circumstances then existing to perform such inspections as its deems necessary to ensure Lessee compliance with the terms and conditions of this Lease and or to satisfy its obligations under this Lease without the same constituting an eviction of Lessee in whole or in part, or a breach of this Lease. During the Retained Premises Term, DHHS or other occupant of the Retained Premises may apply to Lessee for temporary use of portions of the Leased Premises for purposes of addressing emergencies or carrying out drills and exercises that are part of the occupant's duties; which request will not be unreasonably denied.

7.3 Easements and Rights of Way. Lessor, subject to and following all necessary prior governmental approvals, shall grant all easements and rights of way as may be reasonably required for the utilities to serve the Land; provided (a) Lessor shall approve the location, dimensions and terms of said easements and rights of way and (b) Lessee shall bear all cost and

expense associated with the installation and of said easements and rights of way. Notwithstanding the foregoing, Lessor may, in its sole discretion and at its own expense, grant, remove or relocate any easement and right of way, provided that such grant, removal or relocation does not unreasonably impair the use and operation of the Land, is made upon reasonable notice to, and in coordination with, Lessee.

7.4 Existing Railroad Right-of-Way. The Land is encumbered by and an existing railroad right of way which is generally shown and described on Exhibit A. Lessee shall cooperate with the holder and operator of the right of way and railroad facilities to ensure that the right of way is protected in the Master Plan to its full legal width, including the possible expansion of railroad operations within the right of way, and also to ensure that sufficient safety measures are in place for the protection of Lessee's invitees and guests.

7.5 Existing Streets. During the Retained Premises Term, Lessor shall maintain existing streets throughout the Land, including appurtenant sidewalks, curbs, gutters, and drainage structures, as reasonably necessary to curtail waste; provided that Lessee shall be responsible for and shall cause to be made, at its sole cost and expense, such repair, maintenance or upgrade to any existing streets or appurtenant sidewalks, curbs, gutters and drainage structures necessitated by the use thereof by Lessee, its employees, agents, invitees, licensees, or contractors.

8. Insurance and Liability.

8.1 Lessee Insurance. Lessee shall obtain adequate insurance coverage in accordance with all applicable laws, if so required, for (i) general liability, (ii) workers' compensation, (iii) automobile liability and (iv) fire and extended coverage with regard to the Lessee's operations on or about the Leased Premises and the improvements located thereon. Lessee shall require any of its contractors or agents entering the Leased Premises to obtain and keep in place with well rated insurers, authorized to do business in the State of North Carolina, adequate insurance coverage, as applicable, for (i) statutory workers' compensation including, employers' liability; (ii) comprehensive general liability including, personal injury, broad form property damage, independent contractor, XCU (explosion, collapse, underground) and products/completed operations; (iii) automobile liability; and (iv) fire and extended coverage insurance. Notwithstanding the rights of any insurer, nothing herein shall affect the authority of the Attorney General of North Carolina, including but not limited to, the Attorney General's authority to represent Lessor in any and all litigation.

8.2 Insurance Requirements. All policies shall be issued by insurance companies acceptable to Lessor. All such policies maintained by Lessee shall be purchased only from insurers who are licensed to do business in the State of North Carolina, who comply with the requirements thereof, and who carry an A.M. Best Company rating of "A" or "A+." All insurance policies shall contain an endorsement, if obtainable, specifically naming Lessor as an additional insured, and shall be primary to any other insurance that may be available to Lessor. All insurance policies shall contain an endorsement stating that the insurer will not cancel or reduce coverage without first giving Lessor thirty (30) days prior written notice. Lessee will provide

Lessor with current certificates of such insurance, including a copy of all additional insured endorsements, within thirty (30) days after execution of this Lease, and will provide true and complete copies of such insurance policies upon Lessor's request.

8.3 Lessee's Liability. As between Lessee and Lessor, Lessee, subject to the terms of this Lease, shall be primarily liable for the negligent or intentional acts or omissions of its agents, contractors or employees. As to third parties, Lessee, to the extent permitted by law and solely to the extent indemnified by an insurance policy such that any amounts paid by Lessee to Lessor comes from insurance proceeds and not from Lessee's funds, agrees to save Lessor harmless from and against any and all loss, damage, claim, demand, liability, or expense, including reasonable attorney fees, by reason of damage to person or property on or about the Leased Premises, which may arise or be claimed to have arisen as a result of the use or operation of the Leased Premises by Lessee, its agents or employees, except where such loss or damage arises from the willful or negligent misconduct of Lessor, its agents or employees. Notwithstanding the above, no provision of this Lease shall be construed as constituting waiver of either Parties' governmental immunity under any applicable law.

8.4 Lessor Insurance. The Parties agree that Lessor's decision to self-insure satisfies all insurance requirements of this Lease applicable to Lessor.

8.5 Lessor Liability. As between Lessor and Lessee, Lessor, subject to the terms of this Lease, will be primarily liable for the negligent or intentional acts or omissions of its agents, contractors or employees. As to third parties, Lessor is an immune sovereign and is not ordinarily subject to suit. However, Lessor has enacted Chapter 143, Article 31, of the North Carolina General Statutes (the "Tort Claims Act"), pursuant to which the Lessor may be liable for the torts of its officers and employees, within the terms of the Tort Claims Act, and accordingly, Lessor will be primarily liable for any final judgment arising from claims within the coverage of the Tort Claims Act. No provision of this Lease shall be construed as constituting a waiver of Lessor's sovereign immunity or Lessor's immunity under the Eleventh Amendment of the Constitution of the United States.

9. Compliance with Environmental Laws. Lessee makes the following representations and warranties to Lessor with regard to environmental matters:

A. Throughout the Term, neither Lessee nor any of its employees, agents, invitees, licensees, or contractors shall cause, permit or allow, any substances, chemicals, materials or pollutants (whether solid, liquid or gaseous and including, without limitation, any oil, gasoline, petroleum or petroleum by-products) deemed to be toxic or hazardous or the manufacture, storage, transport or disposal of which is regulated, governed, restricted or prohibited by any federal, state or local agency or authority (collectively, "Regulated Materials") under any Environmental Laws, to be handled, placed, stored, dumped, dispensed, released, discharged, deposited, manufactured, generated, treated, processed, used, transported or located on the Leased Premises without Lessor's prior written consent; provided, Lessee may handle, store or use quantities, as used in the ordinary course of business, of Regulated Materials which are directly related to the construction and operation of the Leasehold Improvements, if Lessee

engages in such permitted activity in a safe and lawful manner and in full compliance with any and all Environmental Laws, which compliance shall be at Lessee's sole expense. Upon the expiration or earlier termination of this Lease, Lessee, at Lessee's expense, shall remove all Regulated Materials from the Leased Premises that were added to the Leased Premises by Lessee during the term of the Lease.

B. Lessee shall give Lessor prompt written notice of any problem, spill, discharge, threatened discharge or discovery resulting in a release of any Regulated Materials on or about the Leased Premises or claim thereof during the Term. Such notice shall be deemed prompt if it is delivered in an electronic format not later than two (2) business days after Lessee learns about the problem, spill, discharge, threatened discharge or discovery resulting in a release of Regulated Materials. If such problem, spill, discharge, threatened discharge or discovery resulting in a release was caused by Lessee, its employees, agents, contractors, invitees or licensees, this notice shall include a description of measures taken or proposed to be taken by Lessee to contain the release of Regulated Materials and a copy of any report of the incident to a state or federal regulatory agency. Within ten (10) business days, Lessee shall supplement the notice with its evaluation of the actions required to develop and implement an appropriate remedial action and to assess any resultant damage to or impact on property, persons and/or the environment (which term includes, without limitation, soil, surface water or groundwater) on, under or about the Leased Premises. Upon Lessor's approval and at Lessee's own expense, Lessee shall promptly take all steps necessary to clean up or remediate any release of Regulated Materials, comply with all Environmental Laws and otherwise report and/or coordinate with Lessor and all appropriate governmental agencies. Lessor's approval for the clean-up and remediation is provided when a state or federal agency, vested with regulatory authority over the clean-up and remediation, issues a permit or similar authorization for the cleanup and remediation and Lessee delivers a copy of the permit or similar authorization to Lessor.

C. Lessee agrees to indemnify Lessor and hold Lessor harmless from and against any and all liens, demands, defenses, suits, proceedings, disbursements, liabilities, losses, litigation, damages, judgments, obligations, penalties, injuries, costs, expense (including, without limitation, attorneys' and experts' fees) and claims of any and every kind of whatsoever paid, incurred, suffered by, or asserted against Lessor with respect to, or as a direct or indirect result of the violation of any Environmental Laws applicable to the Leased Premises, to the extent that such violation is caused by the activities of Lessee during the term of the Lease.

D. The obligations in this Section 9 shall survive the termination of this Lease.

10. Condemnation. If all or substantially all of the fee in the Leased Premises is taken by virtue of eminent domain or for any public use or purpose by any entity possessing such legal authority, the Lease shall terminate on the date the condemning authority takes possession. If less than fifty percent (50%) of the Leased Premises is so taken, the Lease shall, at the election of Lessor after consultation with Lessee, either (i) terminate on the date the condemning authority takes possession by giving notice thereof to Lessee within thirty (30) calendar days after the date of such taking of possession or (ii) continue in full force and effect as to that part of the Leased Premises not so taken, in which case Rent shall be reduced on a square footage basis by the

amount of square footage of the Leased Premises taken or condemned. All proceeds payable from any fee taking or condemnation of all or any portion of the Leased Premises shall belong to and be paid to Lessor, and Lessee hereby expressly assigns to Lessor any and all right, title and interest of Lessee now or hereafter arising in and to any such awards. Lessee shall have no, and waives any, claim against Lessor and the condemnor for the value of any portion of the Term.

If all or substantially all of only the Lessee's leasehold interest is taken by virtue of eminent domain or for any public use or purpose by any entity possessing such legal authority, this Lease shall terminate on the date the condemning authority takes possession. If less than fifty percent (50%) of the Leased Premises is so taken, this Lease shall, at the election of Lessee after consultation with the Lessor, either (i) terminate on the date the condemning authority takes possession by giving notice thereof to Lessor within thirty (30) calendar days after the date of such taking of possession or (ii) continue in full force and effect as to that part of the leasehold interest not so taken, in which case Rent shall be reduced on a square footage basis by the amount of square footage of the Leased Premises taken or condemned. All proceeds finally adjudged payable from any taking or condemnation of all or any portion of the leasehold interest alone shall belong to the Lessee, subject to the provisions of the preceding paragraph.

11. Covenants.

11.1 Audit. Lessee shall maintain accurate and complete books, records and financial statements in accordance with generally accepted accounting principles and The Local Government and Fiscal Control Act concerning the development and implementation of the Master Plan and its operations on the Land. Lessee, at its sole cost and expense, shall conduct an audit examination of its operations on the Land at regular intervals pursuant to applicable law or from time to time during the Term as may be requested by responsible agencies of Lessor in accordance with applicable law. Any such audit examination prepared for Lessee shall be provided to the DOA. All accounts and records of Lessee involving the Land shall be subject to inspection and audit at any time by Lessor and any of its agencies, including the Office of the North Carolina State Auditor and the Local Fiscal Management Division of the North Carolina State Treasurer, pursuant to applicable law and this Lease.

11.2 Compliance. The Parties agree to comply, with all governmental laws, rules, ordinances and regulations applicable to the Leased Premises or the respective Party's use thereof for activities undertaken during the term of the Lease. Each Party shall bear the sole cost and expense for compliance with this section.

11.3 Waste. The Parties shall not use the Leased Premises or Retained Premises in any manner that will constitute waste, nuisance, or unreasonable annoyance.

11.4 Liens. Lessee agrees to pay all lawful claims associated with the construction and installation of the Improvements on a timely basis and shall indemnify, defend and hold harmless Lessor for all claims by third parties and contractors arising out of the construction and installation of the Leasehold Improvements. Lessee shall not encumber the Leased Premises with any mortgages not herein permitted or permit any mechanic's, materialman's, contractor's,

subcontractor's or other similar lien arising from any work of improvement performed by or on behalf of Lessee, however it may arise, to stand against the Leased Premises. In the event the Leased Premises are encumbered by any such lien, Lessee may in good faith contest the claim underlying such lien, so long as Lessee immediately bonds or otherwise discharges the lien.

12. Default and Termination.

12.1 Events of Default. The occurrence of any of the following shall constitute a material default and breach of this Lease (an "Event of Default"):

- A. Vacation / Abandonment. Lessee ceases to occupy, abandons or vacates the Leased Premises for the purposes of this Lease before the expiration of the Term.
- B. Failure to Pay. If Lessee fails to pay Rent or any other monetary payment as and when due where such failure continues for sixty (60) days after delivery of written notice thereof by Lessor to Lessee.
- C. Transfer. The assignment, subletting or other transfer or any attempted assignment, subletting or other transfer, of this Lease without the prior written permission of Lessor in violation of the terms hereof.
- D. Violation of Environmental Laws. Any violation of Section 9 by Lessee; provided, however, that such violation shall not constitute an Event of Default if (1) the Lessee complies with regulatory reporting and remediation processes, or (2) within ten (10) days of notice of such violation, Lessee shall both deliver to Lessor such cash security as Lessor may require, in its sole and absolute discretion, in order to fully protect Lessor and the Leased Premises from and against all claims, losses and costs actually or potentially caused, as determined by Lessor, and commence to cure such violation and if thereafter Lessee thereafter pursues such cure to completion in a manner that brings the Leased Premises into compliance with Environmental Laws.
- E. Failure to Perform. If a Party fails to perform any of its obligations under this Lease, for a period of sixty (60) days after written notice from the other Party; provided that if more time is required to complete such performance, the Party shall not be in default if the Party commences such performance within the sixty (60) day period and thereafter diligently pursues its completion. However, the other Party shall not be required to give such notice if the Party's failure to perform constitutes a non-curable breach of this Lease.
- F. Other Defaults. If Lessee fails to comply with any provision contained in this Lease or any of the rules commenced by or against it in any legal proceeding to declare it bankrupt, insolvent or unable to pay its debts, or shall make a general assignment for the benefit of its creditors.

- G. False Statement. The making or furnishing by Lessee on any warranty, representation or statement to Lessor in connection with this Lease, which is knowingly false or misleading in any material respect when made or furnished.
- H. Unlawful Purpose. If Lessee knowingly allows the Leased Premises to be used for any unlawful purpose or for any purpose that promotes acts of moral turpitude.
- I. Unethical or Fraudulent Actions. If, in its sole discretion, Lessor determines with regard to this Lease or to Lessee's use and occupancy of the Leased Premises, that Lessee knowingly has: acted in an unethical or fraudulent manner; or acted in a manner that would bring Lessor into disrepute; or acted in a manner that is in violation of public policy or in a manner detrimental to the legitimate interests of Lessor; or has refused Lessor's request for information or additional assurances either with respect to Lessor's reasonable belief that any of the foregoing defaults may have occurred, or which may otherwise be required by law.

12.2 Lessor's Remedies. Upon the occurrence of any Event of Default or failure by Lessee to perform any obligation of Lessee under this Lease, which failure is not cured within the specific time periods provided in this Lease or if no specific time period is provided, then within sixty (60) days after written notice to Lessee (or if such failure cannot be cured within sixty (60) days, then within such reasonable period of time, provided Lessee proceeds promptly and diligently to cure such breach), whichever occurs first, then Lessor, at its option may (i) terminate Lessee's right to possession of the Leased Premises at any time by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Leased Premises to Lessor; and/or (ii) pursue any other remedy now or hereafter available to Lessor under North Carolina law.

12.3 Right of Lessor to Re-Enter. In the event of any termination of this Lease by Lessor or the enforcement of any other remedy by Lessor under this Lease, Lessor shall have the immediate right to enter upon and repossess the Leased Premises, and any trade fixtures or personal property of Lessee may be removed from the Leased Premises and stored in any public warehouse, or at such place convenient to Lessor, at the risk and expense of Lessee. Lessee hereby waives all claims arising from Lessor's re-entering and taking possession of the Leased Premises and removing and storing the property of Lessee as permitted under this Lease and will save and hold Lessor harmless from all losses, costs or damages occasioned Lessor thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor. Lessee hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Lessee being dispossessed for any cause, or in the event of Lessor obtaining possession of the Leased Premises, by reason of the violation by Lessee of any of the terms, covenants or conditions of this Lease, or otherwise.

12.4 Legal Costs. Lessee shall reimburse Lessor, upon demand, for any reasonable costs or expenses incurred by Lessor in connection with any breach by Lessee or the occurrence of any Event of Default under this Lease, whether or not suit is commenced or judgment entered. Such costs shall include reasonable legal fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise.

13. Ownership of Leasehold Improvements; Surrender of Land. During the Term, ownership of the Leasehold Improvements shall be in Lessee. At the expiration of the Term or the earlier termination of this Lease, Lessee shall promptly quit and surrender the Land and the Leasehold Improvements in good order, condition and repair, ordinary wear and tear excepted, and the Leasehold Improvements shall become the property of Lessor without reimbursement or compensation to Lessee. At the termination of this Lease, Lessee shall remove any and all of Lessee's personal property, trade fixtures and equipment from the Land. All such personal property, trade fixtures and equipment not so removed by Lessee and remaining on the Land thirty (30) days after the termination of this Lease shall, at Lessor's option, become the property of Lessor or Lessor may have the property removed or stored, at Lessee's expense. Lessor shall be responsible for any maintenance, replacement, upgrade or other improvements of the Leasehold Improvements required by Environmental Laws immediately upon surrender of the Land and Leasehold Improvements. Lessee agrees to transfer permits for the Leasehold Improvements to the Lessor, if allowed by law.

14. Miscellaneous Provisions

14.1 Assignment; Sublease. This Lease may not be assigned nor the Leased Premises subleased by Lessee without the express written approval of DOA and the Council of State in accordance with applicable law or as otherwise provided pursuant to Council of State rules or delegations. Subject to the foregoing, and from and after its effective date, this Lease shall inure to the benefit of, Lessor and Lessee and their respective successors and any permitted assigns.

14.2 Amendment. This Lease shall not be modified or amended except by an instrument in writing executed by or on behalf of Lessee and on behalf of the Lessor as provided in N.C. Gen. Stat. Chapter 146 and the rules and delegations thereunder.

14.3 Effect of Waiver or Forbearance. No covenant or condition of this Lease can be waived except by written consent of the Parties. A waiver of any covenant or condition on one occasion shall not be deemed a waiver of said covenant or condition on any subsequent occasion unless such fact is specifically stated in the waiver. Forbearance or indulgence by Lessor in any regard whatsoever shall not constitute a waiver of any covenant or condition to be performed by Lessee, and until Lessee has completely performed all covenants and conditions of this Lease, Lessor shall be entitled to invoke any remedy available to Lessor under this Lease or any law or equity despite such forbearance or indulgence.

14.4 Complete Agreement. This Lease (including all Exhibits referenced herein) represents the entire agreement between the Parties regarding the subject matter hereof and each

Party acknowledges that neither has made (either directly or through any agent or representative) any representations or agreements in connection with this Lease not specifically set forth herein.

14.5 Severability. In case any term or covenant or condition of this Lease, or the application thereof, is to any extent held or rendered invalid, it shall not necessarily be deemed indivisible or cause a dissolution of this Lease, but may be deemed independent and the Lease continued if the remaining provisions can fulfill the intended purposes of the Lease.

14.6 Survival. All obligations (including monetary obligations as set forth in this Lease) accruing prior to expiration of the Term shall survive the expiration or other termination of this Lease ; provided, that any monetary obligation of Lessor shall be subject to the provisions of N.C. Gen. Stat. § 143C-6-8.

14.7 Applicable Law. This Lease and all contracts related to the Leasehold Improvements, shall be governed by, construed under and interpreted in accordance with the laws of the State of North Carolina and enforced only in its General Court of Justice to the extent that any such actions will lie therein.

14.8 Construction. No provision of this Lease shall be construed against or interpreted to the disadvantage of either Party by any court or other governmental or judicial authority by reason of such Party's having or being deemed to have prepared or imposed such provision.

14.9 Lessor's Remedies Cumulative. The rights and remedies of Lessor specified in this Lease shall be cumulative and in addition to any other rights and/or remedies otherwise available, whether or not specified in this Lease.

14.10 Authority. Each person executing this Lease on behalf of the Parties does hereby represent and warrant that that this Lease was duly approved by the governing body of each Party, that this Lease is the act and deed of the Parties,, that the Parties have full lawful right and authority to enter into this Lease and to perform all of its obligations hereunder, and that each person signing this Lease on behalf of the Parties is duly and validly authorized to do so.

14.11 Relationship between Parties. Nothing in this Lease shall be construed to render the Lessor in any way or for any purpose a partner, joint venturer, or associate in any relationship with Lessee other than that of Lessor and Lessee, nor shall this Lease be construed to authorize either to act as agent for the other.

14.12 Interpretation. The use of headings, captions and numbers in this Lease is solely for the convenience of identifying and indexing the various provisions in this Lease and shall in no event be considered otherwise in construing or interpreting any provision in this Lease. Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural may be substituted for the singular number in any place or places herein in which the context may require such substitution or substitutions.

14.13 Terms. Capitalized terms used in this Lease shall have the meanings ascribed to them at the point where first defined, irrespective of where their use occurs, with the same effect as if the definitions of such terms were set forth in full and at length every time such terms are used.

14.14 Counterparts. This Lease may be executed in two or more counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

14.15 Prohibition on Gifts. North Carolina General Statute § 133-32 and Executive Order 24 prohibit the offer to, or acceptance by, any employee of Lessor of any gift from anyone with a contract with Lessor, or from any person seeking to do business with Lessor. By execution of this Lease, Lessee attests, for its entire organization, including its employees or agents, that it is not aware that any such gift has been offered, accepted, or promised by any employees of its organization.

14.16 Memorandum of Lease for Recording. At the request of either Party, Lessor and Lessee shall execute a memorandum of this Lease for recording in the public records at the requesting Party's sole cost and expense. Such memorandum of Lease shall identify the Parties, describe the Land, specify the Term and incorporate this Lease by reference.

14.17 Notices. All notices, requests and other communications hereunder shall be deemed to have been fully given, by either Party to the other, when made in writing and either deposited in the United States mail (sent certified, return receipt requested); personally delivered; or transmitted by overnight courier for next business day delivery to the addresses of Lessor and Lessee set forth below, or to such other addresses as the Parties may, from time to time, designate by written notice.

If intended for Lessor, addressed to Lessor, at:

North Carolina Department of Health and Human Services
c/o Property Officer
2001 Mail Service Center
Raleigh, North Carolina 27699-2001

w/ copy to: State Property Office
Attn: Manager, Leasing and Space Planning Section
1321 Mail Service Center
Raleigh, North Carolina 27699-1321

If intended for Lessee, addressed to Lessee, at:

City Manager
P.O. Box 590
Raleigh, North Carolina 27602

w/copy to: City Attorney's Office
P.O. Box 590
Raleigh, North Carolina 27602

14.18 Estoppel Certificate. Upon request therefor by Lessee, Lessor shall, without unreasonable delay, execute and deliver to Lessee, or its mortgagee, a sworn statement in recordable form, mutually satisfactory to Lessor and the requesting party, and directed to any mortgagee, purchaser, or other transferee of Lessee, and/or Lessee, certifying any facts that are true with respect to the Leased Premises, the Leasehold Improvements or this Lease, including without limitation (if such be the case) that this Lease is in full force and effect, that Lessee is lawfully in possession of the Leased Premises and the Leasehold Improvements and is not in default hereunder, and that there are no defenses or offsets to the Lease claimed by Lessor.

14.19 Leasehold Financing. Lessee shall have the right during the Term of this Lease to subject the Lessee's Leasehold Improvements to one or more loans. For this purpose, Lessee may subject Lessee's Leasehold Improvements to a mortgage or deed of trust (the "Mortgage," and the holder thereof being the "Lessee Mortgagee" or "Mortgagee"), without Lessor's prior written consent; which Mortgage shall constitute a lien on Lessee's Leasehold Improvements, and all of Lessee's interest therein, subject, however, to the following:

A. Lessor shall not be liable for the payment of the sum secured by such Mortgage, nor for any expenses in connection with the same, and neither such Mortgage, nor any instrument collateral thereto shall contain any covenant or other obligation on Lessor's part to pay such debt, or any part thereof, or to take any affirmative action of any kind whatsoever, other than the execution and delivery of such instruments. Furthermore, such Mortgage shall expressly provide that the Mortgagee and the Trustee therein will seek no money judgment against Lessor.

B. Lessor will give to the Mortgagee a copy of any notice or other communication from Lessor to Lessee hereunder, at the time of giving such notice or communication to Lessee, and notice of any rejection of this Lease by any trustee in bankruptcy of Lessee. Lessor will not exercise any right, power or remedy with respect to any Default hereunder, and no notice to Lessee of any such Default and no termination of this Lease in connection therewith shall be effective, unless Lessor shall have given to the Mortgagee written notice, or a copy of its notice to Lessee, of such Default or any such termination, as the case may be.

C. Lessor will not exercise any right, power or remedy with respect to any Event of Default hereunder until the expiration of any grace period provided herein with respect thereto, plus an additional period of sixty (60) days after Lessor has given to the Mortgagee written notice of such Default, or a copy of its notice to Lessee of such Default. Lessor will not exercise any right, power or remedy with respect to any Default hereunder if: the Mortgagee within such sixty (60) day period shall give to Lessor written notice that the Mortgagee intends to undertake the correction of such Default or cause the same to be corrected; and, the Mortgagee shall thereafter prosecute diligently the

correction of such Default, whether by exercise on behalf of Lessee of its obligations hereunder, entry on the Demised Premises or the Lessee's Leasehold Improvements, institution of foreclosure sale proceedings, or otherwise.

D. Lessor or the Mortgagee may, after Default hereunder, make any payment or perform any act required hereunder to be made or performed by Lessee with the same effect as if made or performed by Lessee (after notice to the Mortgagee or Lessor, as the case may be), provided that no entry by Lessor or the Mortgagee upon the Demised Premises or the Lessee's Leasehold Improvements for such purpose shall constitute or be deemed to be an eviction of Lessee and shall not waive or release Lessee from any obligation or Default hereunder (except any obligation or Default which shall have been fully performed or corrected by such payment or performance by the Mortgagee).

E. So long as the Mortgage shall be a lien upon Lessee's interest hereunder, Lessor shall not declare the Lease forfeited, or re-enter, take possession of or relet the Demised Premises, or similarly enforce performance hereof in a mode provided by law, or terminate the Lease or take any action which would lead to the termination hereof, and this Lease shall not terminate, by reason of any condition or event which is not susceptible of being corrected or eliminated by the Mortgagee. If any such condition or event shall have occurred and be continuing, Lessor may, by notice to the Mortgagee and Lessee, require Lessee to assign its interest hereunder to the Mortgagee or its nominee. The happening of any such condition or event (including, without limitation, any rejection of this Lease by Lessee, or Lessee's trustee in bankruptcy, reorganization, arrangement or similar proceeding) which would, if it were not for this section, cause this Lease to terminate, shall, without any action or consent by Lessor, Lessee or the Mortgagee, effect the transfer of Lessee's interest hereunder to the Mortgagee or its nominee. The Mortgagee may terminate this Lease upon any such transfer upon giving notice thereof to Lessor no later than 30 days after notice from Lessor of such transfer. Upon any such termination, the Mortgagee shall have no further rights or obligations as a transferee of Lessee with respect to the Demised Premises or the Lessee's Leasehold Improvements (including, without limitation, any rights or obligations which may have accrued prior to such termination). F. Lessor will not unreasonably withhold its consent to similar financing arrangements by a permitted sublessee of improvements of the Leased Property.

14.20 Non-Appropriation. Lessee's payment obligations hereunder are subject to the appropriation of funds by Lessee's legislative governing body; provided that such failure to appropriate funds to satisfy Lessee's payment obligations hereunder shall not excuse any Event of Default or preclude Lessor from exercising any of its available remedies upon the occurrence of any Event of Default. The Parties acknowledge that no provision of the Lease shall be construed or interpreted as creating a pledge of the faith and credit of Lessee within the meaning of any constitutional debt limitation. The Lease shall not directly or indirectly or contingently obligate Lessee to make any payments beyond those appropriated in the sole discretion of Lessee's governing board for any fiscal year in which the Lease is in effect. The taxing power of

Lessee is not and may not be pledged directly or indirectly or contingently to secure any monies due under the Lease.

[signatures on following pages]

IN TESTIMONY WHEREOF, this Lease has been executed by the Parties, in duplicate originals, as of the dates set forth in the notary acknowledgments below.

LESSEE:

CITY OF RALEIGH

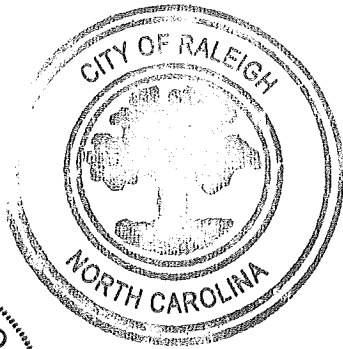
By: Nancy McFarlane
Nancy McFarlane, Mayor

By: J. Russell Allen
J. Russell Allen, City Manager

ATTEST:

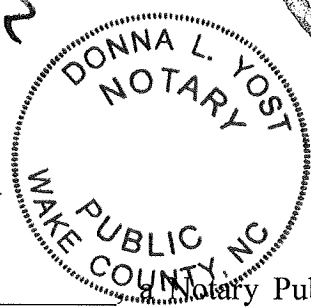
Gail G. Smith (Seal)
Gail G. Smith, City Clerk

Thomas A. McCormick
Thomas A. McCormick, City Attorney



STATE OF NORTH CAROLINA

COUNTY OF Wake



I, Donna L Yost Notary Public in and for the aforesaid County and State do hereby certify that Gail G. Smith, with whom I am personally acquainted, who, being by me duly sworn, says that she is the City Clerk and Treasurer and Nancy McFarlane is the Mayor and J. Russell Allen is the City Manager of the City of Raleigh, the municipal corporation described in and which executed the foregoing; that she knows the corporate seal of said municipal corporation; that the seal affixed to the foregoing instrument is said corporate seal, and the name of the municipal corporation was subscribed thereto by the said City Clerk and Treasurer and that the said seal was affixed, all by order of the governing body of said municipal corporation, and that the said instrument is the act and deed of said municipal corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal, this the 28th day of December, 2012.

Donna L Yost
Notary Public
Print Name: Donna L Yost

My commission expires: 2/13/15

LESSOR:

STATE OF NORTH CAROLINA

By: Beverly E. Perdue
Governor

ATTEST:

Elaine F. Marshall
Secretary of State

APPROVED AS TO FORM:
ROY COOPER, Attorney General

By: [Signature]
Assistant Attorney General

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Jennell Baughman, a Notary Public for Johnston County, North Carolina, do certify that ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, personally came before me this day and acknowledged that she is Secretary of State of the State of North Carolina, and that by authority duly given and as the act of the State, the foregoing instrument was signed in its name by BEVERLY EAVES PERDUE, Governor of the State of North Carolina, sealed with the Great Seal of the State of North Carolina, and attested by herself as Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal, this the 28th day of December, 2012.

My commission expires: 11-21-2016

Jennell Baughman
Notary Public
Print Name: Jennell Baughman

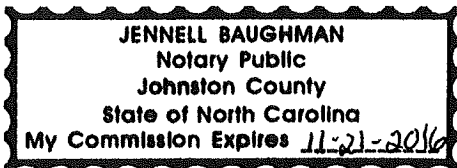


Exhibit A

Description of the Land

Exhibit B

Description of Retained Premises

The Retained Premises consists of a total of approximately 1,492,650 square feet or 34.27 acres, as more particularly described in Schedule B-1.

Exhibit C

Notice of Surrender of Retained Premises (or portion thereof)

Exhibit D

Buildings, Improvements and Structures

Building, Improvements and Structures located on the Land are listed below and are further listed and depicted on the map attached hereto and incorporated herein as Schedule D-1.

1. Adam's (Secretary's Office)
2. Ashby
3. Scott
4. Council
5. Spring Hill
6. Cherry
7. Kirby
8. Williams
9. Lineberger
10. Wright
11. Edgerton
12. Haywood Gym
13. Ruggles
14. Hoey
15. Broughton
16. Clark
17. Brown
18. Dobbin
19. McBryde / Dorothea Dix
20. Spruill
21. Royster
22. Chapel
23. Harvey
24. Anderson
25. Taylor
26. Dix Day Care