



SANDY SPRINGS

GEORGIA

TO: City of Sandy Springs Public Facilities Authority Board

FROM: Peggy Merriss, General Manager

DATE: August 16, 2019, for submission onto the August 20, 2019 Public Facilities Authority Meeting Agenda

ITEM: Approval of Amendments to the Leases for Police Department and Municipal Court

Background:

The City's Police Department currently occupies buildings 300 & 400 of the Morgan Falls Office Park located at 7840 Roswell Road. The City's Municipal Court currently occupies a portion of building 500 in the same office park. The leases for these spaces are set to expire on June 30, 2020.

Discussion:

The City's representatives have negotiated the attached amendments to the leases for buildings 300, 400 & 500. The amendments provide for an extension of the lease until June 30, 2023. The amendments largely reaffirm the City's obligations under the current leases.

The amendment for building 300 provides for a monthly base rent of \$18,224.60 in year one, \$18,589.09 in year two, and \$18,960.87 in year three. It also provides a Tenant Improvement Allowance up to \$95,016.00.

The amendment for building 400 also provides for a monthly base rent of \$18,224.60 in year one, \$18,589.09 in year two, and \$18,960.87 in year three. It provides a Tenant Improvement Allowance up to \$118,386.00.

The amendment for building 500 provides for a monthly base rent of \$22,166.20 in year one, \$22,609.52 in year two, and \$23,061.71 in year three. It also provides a Tenant Improvement Allowance up to \$115,566.00. This amendment also contains a provision governing replacement and repair of the HVAC whereby the City continues to cover maintenance and minor part replacement (below \$1,000/year), but the City has no exposure on major replacements other than the amortized costs based on the useful lives of any new equipment the landlord purchases. Under the current lease, the City would be responsible for the repair/replacement costs outright. This provision does not appear in the amendments for buildings 300 & 400 because under those leases the Landlord is currently responsible for those repair/replacement costs.

Alternatives:

The Council could decide not to approve the attached Amendments.

Attachments:

- Amendments

SIXTH AMENDMENT TO LEASE AGREEMENT

THIS SIXTH AMENDMENT TO LEASE AGREEMENT (the “Amendment”) is made and entered into as of the _____ day of _____, 2019, (the “Effective Date”) by and between **MORGAN FALLS REALTY, LP**, a Georgia limited partnership (hereinafter referred to as “Landlord”) and **CITY OF SANDY SPRINGS PUBLIC FACILITIES AUTHORITY**, a political subdivision of the State of Georgia (hereinafter referred to as “Tenant”) and provides as follows:

WITNESSETH:

WHEREAS, by virtue of that certain Lease Agreement originally dated November 30, 2005 (as amended by First Amendment to Lease Agreement dated March 24, 2006, Second Amendment to Lease Agreement dated December 14, 2006, Third Amendment to Lease Agreement dated May 15, 2007, Fourth Amendment to Lease Agreement dated April 13, 2011, a Fifth Amendment to Lease Agreement dated May 13, 2014, and a Notice of Reduction of Premises dated December 19, 2017, hereinafter collectively referred to as the “Lease”), Tenant (as successor-in-interest to CH2M Hill, Inc.) leases from Landlord (as successor-in-interest to TSO Morgan Falls, LLC) the premises known as **Suite Numbers 501 and 510**, containing approximately **19,261 rentable square feet** located at **7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350** (the “Premises”); and

WHEREAS, Tenant currently occupies the Premises, and the Term of the Lease is scheduled to expire on June 30, 2020, and Tenant desires that the Lease Term be extended by an additional Thirty-six (36) full months; and

WHEREAS, Landlord is willing to agree to an amendment and extension of the Lease Term strictly subject to the terms and conditions hereinafter set forth.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the parties hereto intending to be legally bound, agree as follows:

1. **Recitals.** The parties acknowledge and agree that the recitals set forth above are true and correct and are hereby incorporated in their entirety. All terms used herein and denoted by their capitalization shall have the meanings set forth in the Lease unless set forth herein to the contrary.

2. **Lease Term.** The Lease is amended to provide that the Lease Term shall be extended by Thirty-six (36) full months commencing on July 1, 2020 so as to expire on June 30, 2023, unless sooner terminated pursuant to the terms of the Lease (hereinafter referred to as the “Extended Term”).

3. **Base Rent.** Tenant reaffirms its duty to pay all Rent, including Base Rent, as and when due pursuant to the Lease in the amounts set forth therein up to the commencement of the Extended Term. The Lease is amended to provide that Base Rent due pursuant to the Lease for the Extended Term shall be due in the following amounts:

Dates	# Months	Monthly Base Rent	Annual Base Rent
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July 1, 2020 – June 30, 2021	1-12	\$22,166.20	\$265,994.40
July 1, 2021 – June 30, 2022	13-24	\$22,609.52	\$271,314.24
July 1, 2022 – June 30, 2023	25-36	\$23,061.71	\$276,740.52

4. Additional Rent. In addition to the payment of Base Rent, Tenant reaffirms its duty to pay Common Area Expenses, as well as Additional Rent payments due under the terms of the Lease, including Insurance and Tax expenses over the Base Year as modified below, through the Extended Term.

5. Utilities. Tenant reaffirms to pay all utilities pursuant to the Lease for the Extended Term.

6. Security Deposit. Landlord and Tenant acknowledge that at the signing of the Lease, Tenant did not pay any Security Deposit to Landlord and to date, no funds are being held as a Security Deposit.

7. Base Year. The Lease is amended to reflect that from and after July 1, 2020, the Base Year as set forth in the Lease shall reflect a Base Year of 2020 for the purposes of calculating Tenant’s Share of Taxes and Insurance.

8. Option to Renew. Tenant is hereby granted one (1) option to renew the Lease (the “Renewal Option”) as follows: Tenant shall have the option to renew this Lease at the end of the Extended Term for an additional twelve (12) full month term (the “Renewal Term”). To exercise the Renewal Term, Tenant shall notify Landlord in writing of Tenant’s desire to exercise its option to renew for such Renewal Term not later than one hundred eighty (180) days prior to the Expiration Date of the then current Term. Notwithstanding anything to the contrary contained herein, if Tenant is in default hereunder as of the date of giving notice or any time thereafter prior to the commencement date of the Renewal Term, Tenant shall not have the right to exercise the option to renew this Lease. In the event that Tenant elects to exercise its option to renew this Lease, the terms and conditions of the Lease shall remain in force and effect during the Renewal Term except the Base Rent due during the Renewal Term shall be equal to 102% of the annual Minimum Rent due at the expiration of the Extended Term.

9. Tenant Improvement Allowance. By execution hereof, the parties acknowledge that Tenant holds the Premises, and Tenant acknowledges that it accepts and shall continue to hold the Premises through the Extended Term, in its “as-is” condition. In consideration for the extension of the Lease Term set forth herein, Landlord agrees to provide to Tenant a Tenant Improvement Allowance up to, but not to exceed, \$6.00 per rentable square foot (hereinafter referred to as the “Tenant Improvement Allowance”) for the costs for materials and labor in conjunction with improvements and alterations to be made to the Premises pursuant to this Amendment. In the event all costs of the Tenant Improvements exceed the Tenant Improvement Allowance, Tenant shall be responsible for said costs to be paid as Additional Rent at the time of invoice. If the Tenant Improvements costs are less than the Tenant Improvement Allowance, Tenant may use the remaining balance for improvements being made pursuant to the Second Amendment to Lease being executed contemporaneously herewith amending that certain Lease between the parties originally dated April 13, 2011, for the premises located at 7840 Roswell Road, Building 400, Sandy Springs, Georgia 30350, and/or that certain Second Amendment to Lease being executed contemporaneously

herewith for that certain Lease originally dated April 13, 2011 for the premises located at 7840 Roswell Road, Building 300, Sandy Springs, Georgia 30350, to be signed contemporaneously herewith.

10. HVAC. The Lease is amended so that provided that as long as Tenant (i) is not in default under this Lease, (ii) maintains at its expense in place the required HVAC Maintenance Agreement and (iii) causes the required regular quarterly maintenance to be performed thereunder, Tenant's liability for repairs or replacements to the HVAC units in the Premises shall be limited to \$1,000.00 per unit per calendar year ("Tenant HVAC Cap Amount"), and Landlord shall pay all HVAC repair and replacement costs for each occurrence over and above the Tenant HVAC Cap Amount (other than repairs or replacement due to damage caused by Tenant or any Tenant-Party, for which Tenant shall remain fully liable), however Tenant shall reimburse Landlord for the amortized portion of the repair/replacement through the Lease Term amortized at a rate of eight percent (8%) of the repair/replacement costs based on their useful life (as determined in writing by the HVAC contractor responsible for the replacement/repair) to be paid in a lump sum. This amortized cost reimbursement shall continue into the Renewal Option period (if exercised) as described above, in addition to the Base Rent and Operating Expenses otherwise owed during the Renewal Option period. The cost of the HVAC Maintenance Agreement shall be in addition to and not included in the Tenant HVAC Cap Amount.

11. Brokers. Tenant represents and warrants to Landlord that it has not dealt with any broker, agent, commissioned salesperson or other person in the negotiation and procurement of this Amendment, except for **Savills, Inc.**, which has represented Tenant, and **The Simpson Organization**, which has represented Landlord (collectively the "Brokers") who will be paid by Landlord by separate agreement and that no commission fees or compensation of any kind are due or payable in connection herewith to any broker, agent, commissioned salesperson or other person in connection with this Amendment except for the Brokers. Tenant agrees to indemnify and hold Landlord harmless from all loss, costs and damages including attorney's fees actually incurred or court costs suffered and incurred by Landlord as a result of a breach by Tenant of this representation and warranty.

12. Strict Compliance. Except as specifically set forth herein, all terms and conditions of the Lease remain in full force and effect as written. Should any term or condition of the Lease conflict with any term or condition of this Amendment, the term of this Amendment shall be deemed controlling. Tenant acknowledges that Landlord does and shall require strict compliance with all terms and conditions of the Lease and Landlord is not in default under any term or condition of the Lease.

13. Confidentiality. Unless required by Law, neither Landlord nor Tenant shall disclose the substance of this Amendment and Landlord and Tenant agree to treat all information relating to this Amendment as confidential. This obligation of confidentiality shall not apply to disclosures compelled by law, any order of a court of competent jurisdiction or by a lawful proper subpoena, in which event Landlord or Tenant, as applicable, shall immediately notify the other party of the circumstances purporting to require such disclosure and shall refrain from such disclosure for the maximum period of time allowed by law so that such other party may take such actions as it may deem appropriate to protect the confidential information being sought. Notwithstanding the foregoing, Tenant and Landlord shall be permitted to disclose, to the extent necessary, the

substance of this Amendment to their respective legal representatives and accountants, or as necessary for approval by Tenant at a meeting conducted under the Georgia Open Meetings Law.

14. This Amendment shall be construed according to the laws of the State of Georgia.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

Landlord:

MORGAN FALLS REALTY, LP
a Georgia limited partnership

By: Morgan Falls Realty General Partner, LLC
Its General Partner

By: _____
A. Boyd Simpson, Manager

Dated: _____

Tenant:

**CITY OF SANDY SPRINGS PUBLIC FACILITIES
AUTHORITY**, a political subdivision of the State of
Georgia

By: _____

Name: _____

Title: _____

Dated: _____

EXHIBIT A
Work Letter

1. **Improvements.** Landlord shall, at its cost and expense (except as set forth below), on a turnkey basis and subject to the provisions and limitations set forth below, make the tenant improvements (the “**Tenant Improvements**”) to the Premises, pursuant to mutually agreed upon scope of work (the “**Plans**”). All such fees and costs for the Tenant Improvements shall in the aggregate be called the “**Tenant Improvement Costs**”. The Tenant Improvement Costs shall include all architectural and engineering fees, permit and approval fees as well as Landlord’s five percent (5%) construction management fee of the hard costs. All Tenant Improvements shall be made in a good and workmanlike manner, using building standard materials, in reasonable accordance with the Plans.

Landlord shall (i) engage an architect/engineering team (which shall be approved by Tenant) to prepare the design and specifications of the Tenant Improvements (the “**Working Drawings**”); (ii) competitively bid the Tenant Improvement construction costs with at least three (3) mutually acceptable qualified contractors; and (iii) enter into a contract with the successful bidder (who shall be selected by Tenant) to construct the Tenant Improvements (“**Contractor**”). Landlord makes no representation or warranty that the Plans, Working Drawings or the Tenant Improvements are in compliance with any applicable Laws, but shall cooperate with Tenant by enforcing the terms of the contracts with the Contractor and architect/engineering team to the extent there are errors in the Tenant Improvements and/or Working Drawings or either and/or both do not meet applicable building code.. Landlord shall provide for the installation of said Tenant Improvements in the Premises. Landlord shall provide a Tenant Improvement Allowance up to but in no event to exceed **\$115,566.00** (the “**Tenant Improvement Allowance**”). If the lowest bid received exceeds the Tenant Improvement Allowance, then Tenant shall have the option of working with Landlord to modify the Tenant Improvements to come within the Tenant Improvement Allowance subject to Section 3 of this Exhibit “A”. If the Tenant Improvement Costs exceed the Tenant Improvement Allowance, Tenant shall promptly pay all of such excess costs and expenses to Landlord upon demand. Failure of the Tenant to pay the excess costs shall be an event of default under the Lease. Landlord shall have no further obligations with respect to repair or replacement of items in the Premises except as set forth in the Lease. Landlord shall use good faith and diligent efforts to cause the Tenant Improvements to be substantially completed within a commercially reasonable time following full execution of the Amendment, other than Punch List items which shall be corrected within thirty (30) days thereafter. Notwithstanding the foregoing, provided Landlord is operating in good faith, Landlord shall have no liability for any delay by Landlord to cause Substantial Completion of the Tenant Improvements. All Tenant Improvements shall be performed by Landlord during regular business hours. Notwithstanding anything contained herein to the contrary, all cabling, wiring, furniture and moving expenses shall be at the sole cost of Tenant.

2. **Substantial Completion.** If Substantial Completion is delayed, the Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting there from. “**Substantial Completion**” of the Tenant Improvements means the date upon which the architect, space planner or other consultant engaged by Landlord, or if none, then Landlord, reasonably determines that the Tenant Improvements for the Premises have been substantially completed in accordance with the Plans and Working Drawings, except for such items that

constitute minor defects or adjustments which can be completed after occupancy without causing any material interference with Tenant's use of the Premises (so called "**Punch List**" items). Notwithstanding the above, the Premises shall not be considered Substantially Complete unless and until Landlord has received a certificate of Occupancy, if applicable. After the completion of the Tenant Improvements, Tenant shall within ten (10) days after demand therefore, execute and deliver to Landlord a letter of acceptance of improvements performed on the Premises. The term "**Tenant Delay**" shall include, without limitation, any delay in the completion of the Tenant Improvements or otherwise resulting from (i) Tenant's failure to comply with the provisions of this Lease, (ii) any delay in work caused by submission by Tenant of a request for any Change following Tenant's approval of the scope of work, Plans or working drawings, or for the implementation of any change order, or (iii) any delay by Tenant in timely submitting comments or approvals to the Plans or Working Drawings, (iv) any work at the Premises performed by Tenant or any of Tenant's agents, employees or contractors or (v) any other act or omission by Tenant or any of Tenant's agents, employees or contractors. Neither Tenant's obligation to payment of Rent nor any other Tenant obligation will be delayed or extended due to a delay in completion of the Tenant Improvements.

3. Changes to Approved Plans. Any changes, modifications, alterations or revisions to the scope or work, Plans and/or working drawings (each, a "**Change**") shall be made only with Landlord's prior written approval which shall not be unreasonably delayed, denied or withheld and shall be at Tenant's sole cost and expense or through the application of funds from the Tenant Improvement Allowance (including, without limitation, any additional space planning services and architectural / engineering drawings that may be required in connection with such modifications). If Tenant shall request any Change after approval by Landlord, Landlord shall, if required, have such revisions to the drawings prepared, and Tenant shall reimburse Landlord (at Tenant's sole cost and expense or through the application of funds from the Tenant Improvement Allowance) for the cost of such revisions upon demand. Promptly upon completion of any required revisions, Landlord shall notify Tenant in writing of the increased cost, if any, which will be chargeable to Tenant by reason of such Change. Tenant shall, within five (5) business days, notify Landlord in writing whether it desires to proceed with such Change. In the absence of such written authorization, Landlord shall have the option to continue work on the Premises disregarding the requested Change, or Landlord may elect to discontinue work on the Premises until it receives notice of Tenant's decision, and any such discontinuation of work shall constitute a Tenant Delay.

4. Repairs and Corrections. Landlord agrees to reasonably repair and correct any work or materials installed by Landlord or its contractor(s) in the Tenant Improvements that prove defective as a result of faulty materials, equipment, or workmanship and that first appear within thirty (30) days after the date of substantial completion. Additionally, Landlord agrees to reasonably repair and correct any Punch List Items performed by Landlord or its contractor(s) in the Tenant Improvements that prove defective as a result of faulty materials, equipment, or workmanship and that first appear within thirty (30) days after the completion of all Punch List Items. Notwithstanding the foregoing, Landlord shall not be responsible to repair or correct any defective work or materials installed by Tenant or any contractor other than Landlord's contractor(s), or any work or materials that prove defective as a result of any act or omission of Tenant or any of its employees, agents, invitees, licensees, subtenants, Tenants, clients, or guests.

5. Representatives. Landlord has designated _____ as its authorized

representative and Tenant has designated _____ as its authorized representative with respect to this Work Letter.

SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT (the “Amendment”) is made and entered into as of the _____ day of _____, 2019, (the “Effective Date”) by and between **MORGAN FALLS REALTY, LP**, a Georgia limited partnership (hereinafter referred to as “Landlord”) and **CITY OF SANDY SPRINGS PUBLIC FACILITIES AUTHORITY**, a political subdivision of the State of Georgia (hereinafter referred to as “Tenant”) and provides as follows:

WITNESSETH:

WHEREAS, by virtue of that certain Lease Agreement originally dated April 13, 2011 (as amended by First Amendment to Lease Agreement dated May 13, 2014, hereinafter collectively referred to as the “Lease”), Tenant leases from Landlord the premises known as **Suite Number 301**, containing approximately **15,836 rentable square feet** located at **7840 Roswell Road, Building 300, Sandy Springs, Georgia 30350** (the “Premises”); and

WHEREAS, Tenant currently occupies the Premises, and the Term of the Lease is scheduled to expire on June 30, 2020, and Tenant desires that the Lease Term be extended by an additional Thirty-six (36) full months; and

WHEREAS, Landlord is willing to agree to an amendment and extension of the Lease Term strictly subject to the terms and conditions hereinafter set forth.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the parties hereto intending to be legally bound, agree as follows:

1. Recitals. The parties acknowledge and agree that the recitals set forth above are true and correct and are hereby incorporated in their entirety. All terms used herein and denoted by their capitalization shall have the meanings set forth in the Lease unless set forth herein to the contrary.

2. Lease Term. The Lease is amended to provide that the Lease Term shall be extended by Thirty-six (36) full months commencing on July 1, 2020 so as to expire on June 30, 2023, unless sooner terminated pursuant to the terms of the Lease (hereinafter referred to as the “Extended Term”).

3. Base Rent. Tenant reaffirms its duty to pay all Rent, including Base Rent, as and when due pursuant to the Lease in the amounts set forth therein up to the commencement of the Extended Term. The Lease is amended to provide that Base Rent due pursuant to the Lease for the Extended Term shall be due in the following amounts:

Dates	# Months	Monthly Base Rent	Annual Base Rent
July 1, 2020 – June 30, 2021	1-12	\$18,224.60	\$218,695.20
July 1, 2021 – June 30, 2022	13-24	\$18,589.09	\$223,069.08
July 1, 2022 – June 30, 2023	25-36	\$18,960.87	\$227,530.44

4. Additional Rent. In addition to the payment of Base Rent, Tenant reaffirms its duty to pay Common Area Expenses, as well as all other Additional Rent payments due under the terms of the Lease, including Insurance and Tax expenses over the Base Year as modified below, through the Extended Term.

5. Utilities. Tenant reaffirms to pay all utilities pursuant to the Lease for the Extended Term.

6. Security Deposit. Landlord and Tenant acknowledge that at the signing of the Lease, Tenant did not pay any Security Deposit to Landlord and to date, no funds are being held as a Security Deposit.

7. Base Year. The Lease is amended to reflect that from and after July 1, 2020, the Base Year as set forth in the Lease shall reflect a Base Year of 2020 for the purposes of calculating Tenant's Share of Taxes and Insurance.

8. Option to Renew. Tenant is hereby granted one (1) option to renew the Lease (the "Renewal Option") as follows: Tenant shall have the option to renew this Lease at the end of the Extended Term for an additional twelve (12) full month term (the "Renewal Term"). To exercise the Renewal Term, Tenant shall notify Landlord in writing of Tenant's desire to exercise its option to renew for such Renewal Term not later than one hundred eighty (180) days prior to the Expiration Date of the then current Term. Notwithstanding anything to the contrary contained herein, if Tenant is in default hereunder as of the date of giving notice or any time thereafter prior to the commencement date of the Renewal Term, Tenant shall not have the right to exercise the option to renew this Lease. In the event that Tenant elects to exercise its option to renew this Lease, the terms and conditions of the Lease shall remain in force and effect during the Renewal Term except the Base Rent due during the Renewal Term shall be equal to 102% of the annual Minimum Rent due at the expiration of the Extended Term.

9. Tenant Improvement Allowance. By execution hereof, the parties acknowledge that Tenant holds the Premises, and Tenant acknowledges that it accepts and shall continue to hold the Premises through the Extended Term, in its "as-is" condition. In consideration for the extension of the Lease Term set forth herein, Landlord agrees to provide to Tenant a Tenant Improvement Allowance up to, but not to exceed, \$6.00 per rentable square foot (hereinafter referred to as the "Tenant Improvement Allowance") for the costs of materials and labor in conjunction with improvements and alterations to be made to the Premises pursuant to this Amendment. In the event all costs of the Tenant Improvements exceed the Tenant Improvement Allowance, Tenant shall be responsible for said costs to be paid as Additional Rent at the time of invoice. If the Tenant Improvements costs are less than the Tenant Improvement Allowance, Tenant may use the remaining balance for improvements being made pursuant to the Second Amendment to Lease between the parties being executed contemporaneously herewith amending that certain lease originally dated April 13, 2011 for the Premises located at 7840 Roswell Road, Building 400, Sandy Springs, Georgia 30350, and/or that certain Sixth Amendment to Lease being executed contemporaneously herewith amending that certain lease originally dated November 30, 2005 for 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350.

10. Reserved.

11. Brokers. Tenant represents and warrants to Landlord that it has not dealt with any broker, agent, commissioned salesperson or other person in the negotiation and procurement of this Amendment, except for **Savills, Inc.**, which has represented Tenant, and **The Simpson Organization**, which has represented Landlord (collectively the “Brokers”) who will be paid by Landlord by separate agreement and that no commission fees or compensation of any kind are due or payable in connection herewith to any broker, agent, commissioned salesperson or other person in connection with this Amendment except for the Brokers. Tenant agrees to indemnify and hold Landlord harmless from all loss, costs and damages including attorney’s fees actually incurred or court costs suffered and incurred by Landlord as a result of a breach by Tenant of this representation and warranty.

12. Strict Compliance. Except as specifically set forth herein, all terms and conditions of the Lease remain in full force and effect as written. Should any term or condition of the Lease conflict with any term or condition of this Amendment, the term of this Amendment shall be deemed controlling. Tenant acknowledges that Landlord does and shall require strict compliance with all terms and conditions of the Lease and Landlord is not in default under any term or condition of the Lease.

13. Confidentiality. Unless required by Law, neither Landlord nor Tenant shall disclose the substance of this Amendment and Landlord and Tenant agree to treat all information relating to this Amendment as confidential. This obligation of confidentiality shall not apply to disclosures compelled by law, any order of a court of competent jurisdiction or by a lawful proper subpoena, in which event Landlord or Tenant, as applicable, shall immediately notify the other party of the circumstances purporting to require such disclosure and shall refrain from such disclosure for the maximum period of time allowed by law so that such other party may take such actions as it may deem appropriate to protect the confidential information being sought. Notwithstanding the foregoing, Tenant and Landlord shall be permitted to disclose, to the extent necessary, the substance of this Amendment to their respective legal representatives and accountants, or as necessary for approval by Tenant at a meeting conducted under the Georgia Open Meetings Law.

14. This Amendment shall be construed according to the laws of the State of Georgia.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

Landlord:

MORGAN FALLS REALTY, LP
a Georgia limited partnership

By: Morgan Falls Realty General Partner, LLC
Its General Partner

By: _____
A. Boyd Simpson, Manager

Dated: _____

Tenant:

**CITY OF SANDY SPRINGS PUBLIC FACILITIES
AUTHORITY**, a political subdivision of the State of
Georgia

By: _____

Name: _____

Title: _____

Dated: _____

EXHIBIT A
Work Letter

1. **Improvements.** Landlord shall, at its cost and expense (except as set forth below), on a turnkey basis and subject to the provisions and limitations set forth below, make the tenant improvements (the “**Tenant Improvements**”) to the Premises, pursuant to mutually agreed upon scope of work (the “**Plans**”). All such fees and costs for the Tenant Improvements shall in the aggregate be called the “**Tenant Improvement Costs**”. The Tenant Improvement Costs shall include all architectural and engineering fees, permit and approval fees as well as Landlord’s five percent (5%) construction management fee of the hard costs. All Tenant Improvements shall be made in a good and workmanlike manner, using building standard materials, in reasonable accordance with the Plans.

Landlord shall (i) engage an architect/engineering team (which shall be approved by Tenant) to prepare the design and specifications of the Tenant Improvements (the “**Working Drawings**”); (ii) competitively bid the Tenant Improvement construction costs with at least three (3) mutually acceptable qualified contractors; and (iii) enter into a contract with the successful bidder (who shall be selected by Tenant) to construct the Tenant Improvements (“**Contractor**”). Landlord makes no representation or warranty that the Plans, Working Drawings or the Tenant Improvements are in compliance with any applicable Laws, but shall cooperate with Tenant by enforcing the terms of the contracts with the Contractor and architect/engineering team to the extent there are errors in the Tenant Improvements and/or Working Drawings or either and/or both do not meet applicable building code. Landlord shall provide for the installation of said Tenant Improvements in the Premises. Landlord shall provide a Tenant Improvement Allowance up to but in no event to exceed **\$95,016.00** (the “**Tenant Improvement Allowance**”). If the lowest bid received exceeds the Tenant Improvement Allowance, then Tenant shall have the option of working with Landlord to modify the Tenant Improvements to come within the Tenant Improvement Allowance subject to Section 3 of this Exhibit “A”. If the Tenant Improvement Costs exceed the Tenant Improvement Allowance, Tenant shall promptly pay all of such excess costs and expenses to Landlord upon demand. Failure of the Tenant to pay the excess costs shall be an event of default under the Lease. Landlord shall have no further obligations with respect to repair or replacement of items in the Premises except as set forth in the Lease. Landlord shall use good faith and diligent efforts to cause the Tenant Improvements to be substantially completed within a commercially reasonable time following full execution of the Amendment, other than Punch List items which shall be corrected within thirty (30) days thereafter. Notwithstanding the foregoing, provided Landlord is operating in good faith, Landlord shall have no liability for any delay by Landlord to cause Substantial Completion of the Tenant Improvements. All Tenant Improvements shall be performed by Landlord during regular business hours. Notwithstanding anything contained herein to the contrary, all cabling, wiring, furniture and moving expenses shall be at the sole cost of Tenant.

2. **Substantial Completion.** If Substantial Completion is delayed, the Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting there from. “**Substantial Completion**” of the Tenant Improvements means the date upon which the architect, space planner or other consultant engaged by Landlord, or if none, then Landlord, reasonably determines that the Tenant Improvements for the Premises have been substantially

completed in accordance with the Plans and Working Drawings, except for such items that constitute minor defects or adjustments which can be completed after occupancy without causing any material interference with Tenant's use of the Premises (so called "**Punch List**" items). Notwithstanding the above, the Premises shall not be considered Substantially Complete unless and until Landlord has received a certificate of Occupancy, if applicable. After the completion of the Tenant Improvements, Tenant shall within ten (10) days after demand therefore, execute and deliver to Landlord a letter of acceptance of improvements performed on the Premises. The term "**Tenant Delay**" shall include, without limitation, any delay in the completion of the Tenant Improvements or otherwise resulting from (i) Tenant's failure to comply with the provisions of this Lease, (ii) any delay in work caused by submission by Tenant of a request for any Change following Tenant's approval of the scope of work, Plans or working drawings, or for the implementation of any change order, or (iii) any delay by Tenant in timely submitting comments or approvals to the Plans or Working Drawings, (iv) any work at the Premises performed by Tenant or any of Tenant's agents, employees or contractors or (v) any other act or omission by Tenant or any of Tenant's agents, employees or contractors. Neither Tenant's obligation to payment of Rent nor any other Tenant obligation will be delayed or extended due to a delay in completion of the Tenant Improvements.

3. Changes to Approved Plans. Any changes, modifications, alterations or revisions to the scope or work, Plans and/or working drawings (each, a "**Change**") shall be made only with Landlord's prior written approval which shall not be unreasonably delayed, denied or withheld and shall be at Tenant's sole cost and expense or through the application of funds from the Tenant Improvement Allowance (including, without limitation, any additional space planning services and architectural / engineering drawings that may be required in connection with such modifications). If Tenant shall request any Change after approval by Landlord, Landlord shall, if required, have such revisions to the drawings prepared, and Tenant shall reimburse Landlord (at Tenant's sole cost and expense or through the application of funds from the Tenant Improvement Allowance) for the cost of such revisions upon demand. Promptly upon completion of any required revisions, Landlord shall notify Tenant in writing of the increased cost, if any, which will be chargeable to Tenant by reason of such Change. Tenant shall, within five (5) business day, notify Landlord in writing whether it desires to proceed with such Change. In the absence of such written authorization, Landlord shall have the option to continue work on the Premises disregarding the requested Change, or Landlord may elect to discontinue work on the Premises until it receives notice of Tenant's decision, and any such discontinuation of work shall constitute a Tenant Delay.

4. Repairs and Corrections. Landlord agrees to reasonably repair and correct any work or materials installed by Landlord or its contractor(s) in the Tenant Improvements that prove defective as a result of faulty materials, equipment, or workmanship and that first appear within thirty (30) days after the date of substantial completion. Additionally, Landlord agrees to reasonably repair and correct any Punch List Items performed by Landlord or its contractor(s) in the Tenant Improvements that prove defective as a result of faulty materials, equipment, or workmanship and that first appear within thirty (30) days after the completion of all Punch List Items. Notwithstanding the foregoing, Landlord shall not be responsible to repair or correct any defective work or materials installed by Tenant or any contractor other than Landlord's contractor(s), or any work or materials that prove defective as a result of any act or omission of

Tenant or any of its employees, agents, invitees, licensees, subtenants, Tenants, clients, or guests.

5. Representatives. Landlord has designated _____ as its authorized representative and Tenant has designated _TO-BE-INSERTED as its authorized representative with respect to this Work Letter.

SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT (the “Amendment”) is made and entered into as of the _____ day of _____, 2019, (the “Effective Date”) by and between **TSO MORGAN FALLS, LP**, a Georgia limited partnership (hereinafter referred to as “Landlord”) and **CITY OF SANDY SPRINGS PUBLIC FACILITIES AUTHORITY**, a political subdivision of the State of Georgia (hereinafter referred to as “Tenant”) and provides as follows:

WITNESSETH:

WHEREAS, by virtue of that certain Lease Agreement originally dated April 13, 2011 (as amended by First Amendment to Lease Agreement dated May 13, 2014, hereinafter collectively referred to as the “Lease”), Tenant leases from Landlord (as successor-in-interest to TSO Morgan Falls, LLC) the premises known as **Suite Number 401**, containing approximately **19,731 rentable square feet** located at **7840 Roswell Road, Building 400, Sandy Springs, Georgia 30350** (the “Premises”); and

WHEREAS, Tenant currently occupies the Premises, and the Term of the Lease is scheduled to expire on June 30, 2020, and Tenant desires that the Lease Term be extended by an additional Thirty-six (36) full months; and

WHEREAS, Landlord is willing to agree to an amendment and extension of the Lease Term strictly subject to the terms and conditions hereinafter set forth.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the parties hereto intending to be legally bound, agree as follows:

1. **Recitals.** The parties acknowledge and agree that the recitals set forth above are true and correct and are hereby incorporated in their entirety. All terms used herein and denoted by their capitalization shall have the meanings set forth in the Lease unless set forth herein to the contrary.

2. **Lease Term.** The Lease is amended to provide that the Lease Term shall be extended by Thirty-six (36) full months commencing on July 1, 2020 so as to expire on June 30, 2023, unless sooner terminated pursuant to the terms of the Lease (hereinafter referred to as the “Extended Term”).

3. **Base Rent.** Tenant reaffirms its duty to pay all Rent, including Base Rent, as and when due pursuant to the Lease in the amounts set forth therein up to the commencement of the Extended Term. The Lease is amended to provide that Base Rent due pursuant to the Lease for the Extended Term shall be due in the following amounts:

Dates	# Months	Monthly Base Rent	Annual Base Rent
July 1, 2020 – June 30, 2021	1-12	\$22,707.09	\$272,485.08

July 1, 2021 – June 30, 2022	13-24	\$23,161.23	\$277,934.76
July 1, 2022 – June 30, 2023	25-36	\$23,624.46	\$283,493.52

4. Additional Rent. In addition to the payment of Base Rent, Tenant reaffirms its duty to pay Common Area Expenses, as well as Additional Rent payments due under the terms of the Lease, including Insurance and Tax expenses over the Base Year as modified below, through the Extended Term.

5. Utilities. Tenant reaffirms to pay all utilities pursuant to the Lease for the Extended Term.

6. Security Deposit. Landlord and Tenant acknowledge that at the signing of the Lease, Tenant did not pay any Security Deposit to Landlord and to date, no funds are being held as a Security Deposit.

7. Base Year. The Lease is amended to reflect that from and after July 1, 2020, the Base Year as set forth in the Lease shall reflect a Base Year of 2020 for the purposes of calculating Tenant’s Share of Taxes and Insurance.

8. Option to Renew. Tenant is hereby granted one (1) option to renew the Lease (the “Renewal Option”) as follows: Tenant shall have the option to renew this Lease at the end of the Extended Term for an additional twelve (12) full month term (the “Renewal Term”). To exercise the Renewal Term, Tenant shall notify Landlord in writing of Tenant’s desire to exercise its option to renew for such Renewal Term not later than one hundred eighty (180) days prior to the Expiration Date of the then current Term. Notwithstanding anything to the contrary contained herein, if Tenant is in default hereunder as of the date of giving notice or any time thereafter prior to the commencement date of the Renewal Term, Tenant shall not have the right to exercise the option to renew this Lease. In the event that Tenant elects to exercise its option to renew this Lease, the terms and conditions of the Lease shall remain in force and effect during the Renewal Term except the Base Rent due during the Renewal Term shall be equal to 102% of the annual Minimum Rent due at the expiration of the Extended Term.

9. Tenant Improvement Allowance. By execution hereof, the parties acknowledge that Tenant holds the Premises, and Tenant acknowledges that it accepts and shall continue to hold the Premises through the Extended Term, in its “as-is” condition. In consideration for the extension of the Lease Term set forth herein, Landlord agrees to provide to Tenant a Tenant Improvement Allowance up to, but not to exceed, \$6.00 per rentable square foot (hereinafter referred to as the “Tenant Improvement Allowance”) for the costs of materials and labor in conjunction with improvements and alterations to be made to the Premises pursuant to this Amendment. In the event all costs of the Tenant Improvements exceed the Tenant Improvement Allowance, Tenant shall be responsible for said costs to be paid as Additional Rent at the time of invoice. If the Tenant Improvements costs are less than the Tenant Improvement Allowance, Tenant may use the remaining balance for improvements being made pursuant to the Second Amendment to Lease being executed contemporaneously herewith for that certain Lease between the parties originally dated April 13, 2011 for the Premises located at 7840 Roswell Road, Building 300, Sandy Springs, Georgia 30350, and/or that certain Sixth Amendment to Lease being executed contemporaneously

herewith for that certain Lease originally dated November 30, 2011 for the premises located at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350.

10. Reserved.

11. Brokers. Tenant represents and warrants to Landlord that it has not dealt with any broker, agent, commissioned salesperson or other person in the negotiation and procurement of this Amendment, except for **Savills, Inc.**, which has represented Tenant, and **The Simpson Organization**, which has represented Landlord (collectively the “Brokers”) who will be paid by Landlord by separate agreement and that no commission fees or compensation of any kind are due or payable in connection herewith to any broker, agent, commissioned salesperson or other person in connection with this Amendment except for the Brokers. Tenant agrees to indemnify and hold Landlord harmless from all loss, costs and damages including attorney’s fees actually incurred or court costs suffered and incurred by Landlord as a result of a breach by Tenant of this representation and warranty.

12. Strict Compliance. Except as specifically set forth herein, all terms and conditions of the Lease remain in full force and effect as written. Should any term or condition of the Lease conflict with any term or condition of this Amendment, the term of this Amendment shall be deemed controlling. Tenant acknowledges that Landlord does and shall require strict compliance with all terms and conditions of the Lease and Landlord is not in default under any term or condition of the Lease.

13. Confidentiality. Unless required by Law, neither Landlord nor Tenant shall disclose the substance of this Amendment and Landlord and Tenant agree to treat all information relating to this Amendment as confidential. This obligation of confidentiality shall not apply to disclosures compelled by law, any order of a court of competent jurisdiction or by a lawful proper subpoena, in which event Landlord or Tenant, as applicable, shall immediately notify the other party of the circumstances purporting to require such disclosure and shall refrain from such disclosure for the maximum period of time allowed by law so that such other party may take such actions as it may deem appropriate to protect the confidential information being sought. Notwithstanding the foregoing, Tenant and Landlord shall be permitted to disclose, to the extent necessary, the substance of this Amendment to their respective legal representatives and accountants, or as necessary for approval by Tenant at a meeting conducted under the Georgia Open Meetings Law.

14. This Amendment shall be construed according to the laws of the State of Georgia.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

Landlord:

TSO MORGAN FALLS, LP
a Georgia limited partnership

By: The Simpson Organization, Inc.
Its Manager

By: _____
A. Boyd Simpson, authorized signatory

Dated: _____

Tenant:

**CITY OF SANDY SPRINGS PUBLIC FACILITIES
AUTHORITY**, a political subdivision of the State of
Georgia

By: _____

Name: _____

Title: _____

Dated: _____

EXHIBIT A
Work Letter

1. **Improvements.** Landlord shall, at its cost and expense (except as set forth below), on a turnkey basis and subject to the provisions and limitations set forth below, make the tenant improvements (the “**Tenant Improvements**”) to the Premises, pursuant to mutually agreed upon scope of work (the “**Plans**”). All such fees and costs for the Tenant Improvements shall in the aggregate be called the “**Tenant Improvement Costs**”. The Tenant Improvement Costs shall include all architectural and engineering fees, permit and approval fees as well as Landlord’s five percent (5%) construction management fee of the hard costs. All Tenant Improvements shall be made in a good and workmanlike manner, using building standard materials, in reasonable accordance with the Plans.

Landlord shall (i) engage an architect/engineering team (which shall be approved by Tenant) to prepare the design and specifications of the Tenant Improvements (the “**Working Drawings**”); (ii) competitively bid the Tenant Improvement construction costs with at least three (3) mutually acceptable qualified contractors; and (iii) enter into a contract with the successful bidder (who shall be selected by Tenant) to construct the Tenant Improvements (“**Contractor**”). Landlord makes no representation or warranty that the Plans, Working Drawings or the Tenant Improvements are in compliance with any applicable Laws, but shall cooperate with Tenant by enforcing the terms of the contracts with the Contractor and architect/engineering team to the extent there are errors in the Tenant Improvements and/or Working Drawings or either and/or both do not meet applicable building code. Landlord shall provide for the installation of said Tenant Improvements in the Premises. Landlord shall provide a Tenant Improvement Allowance up to but in no event to exceed **\$118,386.00** (the “**Tenant Improvement Allowance**”). If the lowest bid received exceeds the Tenant Improvement Allowance, then Tenant shall have the option of working with Landlord to modify the Tenant Improvements to come within the Tenant Improvement Allowance subject to Section 3 of this Exhibit “A”. If the Tenant Improvement Costs exceed the Tenant Improvement Allowance, Tenant shall promptly pay all of such excess costs and expenses to Landlord upon demand. Failure of the Tenant to pay the excess costs shall be an event of default under the Lease. Landlord shall have no further obligations with respect to repair or replacement of items in the Premises except as set forth in the Lease. Landlord shall use good faith and diligent efforts to cause the Tenant Improvements to be substantially completed within a commercially reasonable time following full execution of the Amendment, other than Punch List items which shall be corrected within thirty (30) days thereafter. Notwithstanding the foregoing, provided Landlord is operating in good faith, Landlord shall have no liability for any delay by Landlord to cause Substantial Completion of the Tenant Improvements. All Tenant Improvements shall be performed by Landlord during regular business hours. Notwithstanding anything contained herein to the contrary, all cabling, wiring, furniture and moving expenses shall be at the sole cost of Tenant.

2. **Substantial Completion.** If Substantial Completion is delayed, the Lease shall not be void or voidable, nor shall Landlord be liable to Tenant for any loss or damage resulting there from. “**Substantial Completion**” of the Tenant Improvements means the date upon which the architect, space planner or other consultant engaged by Landlord, or if none, then Landlord, reasonably determines that the Tenant Improvements for the Premises have been substantially

completed in accordance with the Plans and Working Drawings, except for such items that constitute minor defects or adjustments which can be completed after occupancy without causing any material interference with Tenant's use of the Premises (so called "**Punch List**" items). Notwithstanding the above, the Premises shall not be considered Substantially Complete unless and until Landlord has received a certificate of Occupancy, if applicable. After the completion of the Tenant Improvements, Tenant shall within ten (10) days after demand therefore, execute and deliver to Landlord a letter of acceptance of improvements performed on the Premises. The term "**Tenant Delay**" shall include, without limitation, any delay in the completion of the Tenant Improvements or otherwise resulting from (i) Tenant's failure to comply with the provisions of this Lease, (ii) any delay in work caused by submission by Tenant of a request for any Change following Tenant's approval of the scope of work, Plans or working drawings, or for the implementation of any change order, or (iii) any delay by Tenant in timely submitting comments or approvals to the Plans or Working Drawings, (iv) any work at the Premises performed by Tenant or any of Tenant's agents, employees or contractors or (v) any other act or omission by Tenant or any of Tenant's agents, employees or contractors. Neither Tenant's obligation to payment of Rent nor any other Tenant obligation will be delayed or extended due to a delay in completion of the Tenant Improvements.

3. Changes to Approved Plans. Any changes, modifications, alterations or revisions to the scope or work, Plans and/or working drawings (each, a "**Change**") shall be made only with Landlord's prior written approval, which shall not be unreasonably delayed, denied or withheld, and shall be at Tenant's sole cost and expense or through the application of funds from the Tenant Improvement Allowance (including, without limitation, any additional space planning services and architectural / engineering drawings that may be required in connection with such modifications). If Tenant shall request any Change after approval by Landlord, Landlord shall, if required, have such revisions to the drawings prepared, and Tenant shall reimburse Landlord (at Tenant's sole cost and expense or through the application of funds from the Tenant Improvement Allowance) for the cost of such revisions upon demand. Promptly upon completion of any required revisions, Landlord shall notify Tenant in writing of the increased cost, if any, which will be chargeable to Tenant by reason of such Change. Tenant shall, within five (5) business days, notify Landlord in writing whether it desires to proceed with such Change. In the absence of such written authorization, Landlord shall have the option to continue work on the Premises disregarding the requested Change, or Landlord may elect to discontinue work on the Premises until it receives notice of Tenant's decision, and any such discontinuation of work shall constitute a Tenant Delay.

4. Repairs and Corrections. Landlord agrees to reasonably repair and correct any work or materials installed by Landlord or its contractor(s) in the Tenant Improvements that prove defective as a result of faulty materials, equipment, or workmanship and that first appear within thirty (30) days after the date of substantial completion. Additionally, Landlord agrees to reasonably repair and correct any Punch List Items performed by Landlord or its contractor(s) in the Tenant Improvements that prove defective as a result of faulty materials, equipment, or workmanship and that first appear within thirty (30) days after the completion of all Punch List Items. Notwithstanding the foregoing, Landlord shall not be responsible to repair or correct any defective work or materials installed by Tenant or any contractor other than Landlord's contractor(s), or any work or materials that prove defective as a result of any act or omission of

Tenant or any of its employees, agents, invitees, licensees, subtenants, Tenants, clients, or guests.

5. Representatives. Landlord has designated _____ as its authorized representative and Tenant has designated _____ as its authorized representative with respect to this Work Letter.