

LEASE

This Lease ("Lease") is made this ____ day of _____ 2014, by and between The City of Annapolis, a municipal corporation of the State of Maryland ("City"), and Chesapeake Children's Museum, Inc., a Maryland corporation (the "Tenant").

WHEREAS, the City is the fee simple owner of an improved parcel of land located at 25 Silopanna Road, Annapolis, Maryland and more accurately described in a deed recorded at Liber 4881, folio 076 among the Land Records of Anne Arundel County (the "Property"); and

WHEREAS, the Property is improved with a building (the "Building"), and the City has space therein to lease; and

WHEREAS, the Tenant leased approximately Two Thousand One Hundred Ninety-One (2,191) +/- square feet of the Building, which includes the common areas, and shared use of certain areas in the Building (collectively, the "Premises"), pursuant to an Amended Lease Agreement dated September 25, 2006 ("Amended Lease Agreement") for the purpose of housing the Chesapeake Children's Museum; and

WHEREAS, the Amended Lease Agreement expired on June 30, 2011, but the City has permitted the Tenant to continue leasing the Premises on a month-to-month basis under the same terms of the Amended Lease Agreement; and

WHEREAS, the Tenant wishes to continue leasing the Premises for the purpose of housing the Chesapeake Children's Museum; and

WHEREAS, the parties desire to enter into this Lease that defines the rights, duties, and liabilities of the parties.

NOW, THEREFORE, in consideration of these premises and the mutual promises and covenants of this Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Tenant agree as follows:

1. TERM

a. The City leases the Premises to the Tenant and the Tenant leases the Premises from the City for a Term of commencing on the date of City Council approval and terminating on June 30, 2015 (the "Original Term"), unless terminated earlier in accordance with the terms of this Lease.

b. Provided that the Tenant is not in default of this Lease and continues to occupy the Premises, this Lease may be renewed at the sole and absolute discretion of the City, and upon terms and conditions to which the parties may agree in writing (each a "Renewal Term and collectively the "Renewal Terms"). Each Renewal Term shall commence and run with the City fiscal year (July 1st – June 30th). This Lease shall terminate at the conclusion of the Original Term or any Renewal Term as the case may be without further action by the City unless the City elects to renew and provides the Tenant with at least thirty (30) calendar days written notice before the expiration of the Original Term, or any Renewal Term.

c. The City expressly reserves the right to adjust any rent for any Renewal Term.

2. USE OF PREMISES

a. The Tenant may use and occupy the Premises during the Term of this Lease only for the purpose of housing the Chesapeake Children's Museum and only for those activities routinely associated with a children's museum, and for no other purpose. The space in the Building leased to Bay Broadcasting Corporation, as of the date of this Lease, is expressly and specifically excluded from this Lease.

b. The Tenant accepts the Premises in "As Is" condition. The City makes no representation or warranty with respect to the condition or state of the Premises, or its fitness for any particular use, and the City shall not be liable for any latent or patent defect thereon. Unless as otherwise expressly provided in this Lease, the City does not make, and specifically disclaims, any representations, warranties or covenants of any kind or character, express or implied, with respect to the nature, condition, economical, functional, environmental or physical condition of the Premises.

c. The Tenant shall not use or occupy or permit the Premises or the Property to be used or occupied in a manner which would in any way (1) violate any of the terms of this Lease; (2) make it impossible for either the City or the Tenant to obtain fire or other insurance required by this Lease at standard rates; (3) cause or create a public or private nuisance in or on the Premises or the Property; or (4) tend to impair or interfere with the character, reputation or appearance of the Premises or the Property.

d. The City shall retain for its exclusive use as much space as the City in its sole discretion determines it needs in the Building's ground floor for purposes of storage. The City may, in its sole discretion, construct a temporary partition separating the City's ground floor space from the Tenant's ground floor space.

e. The Tenant shall not apply for, agree to, or accept any federal, state or local grants or grant funding for improvements, changes and/or repairs to the Premises or the Property without the prior written approval of the City.

f. The Tenant shall not, under any circumstances or for any reason, operate or provide daycare services on the Premises or anywhere on the Property, without the prior written approval of the City and without first obtaining all necessary permits, licenses, and other governmental approvals and providing copies to the City.

g. The Tenant shall not, under any circumstances or for any reason, operate or provide any programs or camps on the Premises or anywhere on the Property without first obtaining all necessary permits, licenses, and City and other governmental approvals and providing copies to the City.

h. The Tenant shall conduct any and all cooking on the Premises with immediate and constant supervision by an adult employee or volunteer of the Tenant. Any appliance needed for cooking shall be used and/or installed in accordance with Anne Arundel County Health Department regulations and certification process, the City permitting process, and without first obtaining all necessary permits, licenses, and City and other governmental approvals and providing copies to the City.

i. The Tenant, at its sole cost and expense, shall perform background checks of all its employees, volunteers, agents, and other contracted individuals, and shall provide copies of all such background checks to the City.

3. RENT

a. In lieu of monetary rental payments, the Tenant shall, at its sole cost and expense, maintain and repair the Premises as required by this Lease throughout the Term of this Lease (collectively, the "Maintenance Obligations"). All such Maintenance Obligations shall be made and rendered by professional contractors and other professionals licensed in the State of Maryland, and shall comply in all respects with all applicable federal, state, county and City laws, ordinances, and regulations. The Tenant shall not start or undertake any of the Maintenance Obligations without first obtaining all necessary permits and City and other governmental approvals. If the Tenant fails to fully and routinely complete the Maintenance Obligations to the City's satisfaction, then this Lease shall automatically terminate without further action required by the City and the remedies of Paragraph 21 shall fully apply. All Maintenance Obligations made by the Tenant shall become the sole and absolute property of the City, whether or not fully and finally completed.

b. The Tenant shall also pay as additional rent all sums, taxes, assessments, costs, expenses and other payments which the Tenant under any of the provisions of this Lease assumes or agrees to pay (the "Additional Rent"), and in the event of any nonpayment thereof, the City shall have all the rights and remedies provided in this Lease and/or by law or at equity.

c. Except as otherwise provided for in this Lease, any Additional Rent shall be due and payable thirty (30) calendar days after receipt of notice of amount due and payable. All payments shall be made payable to the "City of Annapolis" and shall be sent or delivered to the Finance Director, Finance Department, City Hall, 160 Duke of Gloucester Street, Annapolis, Maryland 21401.

4. QUIET ENJOYMENT

The Tenant may peaceably and quietly enjoy the Premises for the Term of this Lease subject, however, to the terms of this Lease and compliance with these terms.

5. UTILITIES, SERVICES

a. The Tenant shall, at its sole cost and expense, be responsible for the furnishing of all utilities, including gas, electricity, light, heat, steam, power, water and sewer, and other services used in connection with the operation of the Premises.

b. The Tenant, at its sole cost and expense, shall arrange and pay for any telephone, internet, cable, and similar services, including any necessary telecommunications build-out of the Premises. The Tenant shall not arrange or pay for any build-out of any necessary telecommunications without the prior written consent of the City.

c. The Tenant, at its sole cost and expense, shall arrange and pay for any housekeeping services and janitorial work that are necessary for the operation of the Premises (other than space rented to other tenants), including, but not limited to, cleaning any and all bathroom facilities, cleaning windows and floors, and all other general and/or routine janitorial maintenance.

d. The Tenant, at its sole cost and expense, shall arrange for the collection all trash and recycling on the Premises (other than trash and recycling from other tenants) into Tenant-purchased containers. The City shall arrange for the removal and disposal of all trash and recycling collected in the Tenant's containers, provided that the containers are placed on the curb area of Silopanna Road on the City-specified days of the week.

e. The Tenant, at its sole cost and expense, shall arrange and pay for the removal of all snow and ice from the driveways, stairs, walkways, sidewalks, and parking areas for the Premises.

f. The Tenant, at its sole cost and expense, shall arrange and pay for grounds maintenance of the Premises, including the parking areas, walkways, sidewalks, and landscaping. The Tenant's landscape maintenance responsibilities only authorizes and permits the Tenant to water, prune and weed the existing landscaping. If the Tenant desires to perform additional landscaping on the Premises, it shall submit a landscape plan to the City and obtain the City's written approval prior to starting or undertaking any such additional landscape work.

6. ALTERATIONS

a. The Tenant shall not make or cause to be made any alterations, additions, or improvements to the Premises without obtaining the prior written consent of the City that may be withheld in the City's sole and absolute discretion. All work done in accordance with any approved alterations, additions, or improvements shall be done in a good and workmanlike manner, by professionals licensed in the State of Maryland, in compliance with any necessary permits and other governmental approvals, and in accordance with all applicable laws and ordinances of any public authority having jurisdiction over the Premises.

b. The Tenant shall retain ownership of all of its trade and business equipment and furnishings from time to time installed on the Premises. The Tenant may remove any such equipment or furnishings at any such time during the Term and shall remove all of it prior to the expiration of the Lease. Removal shall not cause any damage to the Premises or the Property. The Tenant shall pay for any damages it may cause, which shall be due and payable by the Tenant within thirty (30) calendar days of City invoicing. Any such property not removed at the expiration of the Term shall be deemed abandoned and, at the election of the City, shall become the property of the City without payment of any kind to the Tenant, without increasing the City's liability to the Tenant, and for any disposition of it the City decides to make.

7. MAINTENANCE OBLIGATIONS

The Tenant's Maintenance Obligations, as defined above, shall include the following:

a. The Tenant, at its sole cost and expense, shall keep and maintain the Premises (other than space rented to other tenants) in good order and condition, and cause no waste or damages thereto. At the expiration of this Lease, the Tenant shall surrender the Premises broom clean and in the same order and condition in which they were on the commencement date, ordinary wear and tear accepted.

b. The Tenant shall, at its sole cost and expense, maintain and repair the Premises, including, but not limited to, the HVAC system, the plumbing systems, and the electrical wiring servicing or within the Premises.

c. Prior to the Tenant repairing, replacing or otherwise altering any aspect of the Premises or the Property, the Tenant shall provide the City with thirty (30) calendar day prior written notice specifying the need for and nature of any and all such repairs, replacements or alterations, and providing the City with a copy of all applicable contracts or agreements with any third party hired by the Tenant to perform such repairs, replacements or alterations. The Tenant or its contractors shall not start or undertake any such repairs, replacements or alterations without the prior written approval of the City, and without first obtaining all necessary permits and other governmental approvals. Such repairs, replacements or alterations shall be made and rendered by professional contractors licensed in the State of Maryland, and shall comply in all respects with all applicable federal, state, county and City laws, ordinances, and regulations, including, but not limited to, zoning, building and fire code requirements.

d. The Tenant, at its sole cost and expense, shall make all structural repairs, including, but not limited to, structural columns and floors, the roof, and the exterior walls of the Premises and the parking facilities servicing the Premises and the Property.

e. The Tenant, at its sole cost and expense, shall perform regular mold testing at the Premises at least one (1) time per year, or more if the City requires otherwise, and shall obtain a valid mold certification indicating that the Premises are suitable for habitation and use generally and as permitted by this Lease. The Tenant shall provide the City with a copy of all mold testing results and all mold certifications. The Tenant shall remediate any mold that may be discovered by any mold testing. If the Tenant fails to perform regular mold testing and remediation, the City may do so at the Tenant's sole cost and expense, which shall be due and payable by the Tenant within thirty (30) calendar days of City invoicing.

f. If the City is required to make any repairs to such portions of the Premises by reason, in whole or in part, of the negligent or willful act or failure to act by the Tenant or the Tenant's employees, agents, contractors, guests, or invitees, the City may collect the cost of any and all such repairs from the Tenant as Additional Rent which shall be due and payable by the Tenant within thirty (30) calendar days of City invoicing.

g. The City shall have no liability to the Tenant by reason of any inconvenience, annoyance, interruption, or injury to business or other use or occupancy arising from making any repairs or changes that the City is required or permitted to make in or to any portion of the Premises or the Property, or the common areas, by any other tenant's lease, or by law.

8. SIGNS

The Tenant shall not place or maintain any sign, billboard, marquee, awning, decoration, placard, lettering, advertising matter or other thing of any kind, whether permanent or temporary, on the exterior of the Premises or on the glass or any window or door of the Premises, without first obtaining the City's written consent. The Tenant shall maintain any sign, billboard, marquee, awning, decoration, placard, lettering or advertising matter or other thing of any kind, as may be approved by the City, and shall repair and replace when necessary to keep in good condition.

9. PARKING AND BUS ACCESS

a. The Tenant's employees, agents, contractors, clients, guests, and invitees shall be entitled to the non-exclusive use, free of charge, but in common with others, of the

driveways, footways and parking areas within the Property, subject to any rules and regulations as the City may, from time to time, require.

b. The City shall at all times have full and exclusive control, management and direction of all driveways, footways and parking areas. The City may restrict access to, temporarily close, construct, adjust, reduce, or perform such other acts to all or any portion of the parking areas or the facilities as the City determines to be necessary or appropriate.

c. The City shall have the right, but not the duty, to police all driveways, footways and parking areas and to change the arrangement, location, layout and arrangement thereof.

10. NON-DISCRIMINATION

a. The Tenant shall not discriminate against any person with regard to membership policies, or employment practices, or in the provision of or access to services based on race, color, religion, national origin, ancestry, sex, age, or disability.

b. This provision shall not be construed to prevent the Tenant from rendering services pursuant to this Lease to categories of individuals with specific needs.

11. CITY RIGHTS

a. The City shall have the exclusive right to use all or any part of the roof and rear and side walls of the Premises for any purpose, to erect additional stories or other structures over all or any part of the Premises or the Property, and to erect and maintain in connection with the construction thereof, temporary scaffolds and other aids to construction on the exterior of the Premises. In such event, the City may temporarily and reasonably limit or restrict access to the interior of the Premises.

b. The City shall have the right to use the Premises and the Property for all purposes, as long as such use does not preclude the Tenant's reasonable use of the Premises as described in this Lease.

12. ASSIGNMENT

The Tenant shall not assign or sublet this Lease, or permit other persons to occupy the Premises, or grant any license or concession for the Premises.

13. SECURITY, PROPERTY LOSS DAMAGE

a. The Tenant assumes all risks associated with the security of the Premises (other than space rented to other tenants) and the Property. The City shall have no obligation or duty with regard to security. The Tenant shall police, light and maintain the Premises (other than space rented to other tenants) and the Property in a clean, safe and secure manner.

b. The Tenant shall not under any circumstances issue any trespass notices, whether oral or written, or exclude any individual from the Premises or the Property for any reason, except to prevent a crime from being committed on the Premises or the Property. If the Tenant desires to issue any trespass notices or exclude any individual from the Premises and/or the Property, the Tenant shall send a written request to the City and the City shall make the ultimate decision how and if to act on this request.

c. The City, its elected officials, appointees, directors, employees, agents, contractors and representatives (the "Indemnified Parties"), shall not be liable for any damage to property of the Tenant or of others located on the Premises or entrusted to its employees nor for the loss of any property by theft or otherwise, nor for any injury or damage to persons or property resulting from theft, casualty, acts of God, fire of every nature and type, the accumulation of snow or ice, explosion, falling plaster, steam, gas, electricity, wind, water, rain or snow which may overflow or leak or be discharged from any part of the Premises or the Property or from the pipes, appliances or plumbing works of the same or from the street or subsurface or from any other place, or from dampness, or from any other cause whatsoever; nor shall the City be liable for any such damage caused by other tenants or persons in the Premises or the Property, or for damage caused by operations in construction of any public or quasi-public works. All property of the Tenant kept or stored on the Premises shall be so kept at the risk of the Tenant only and the Tenant shall indemnify, defend and hold the Indemnified Parties harmless from any claims arising out of damage to the same, including subrogation claims by the Tenant's insurance carrier.

14. COMPLIANCE WITH LAWS

a. The Tenant at its sole cost and expense, shall keep in force all licenses, consents and permits necessary for the lawful use of the Premises for the purposes of this Lease. The Tenant, at its sole cost and expense, shall promptly comply with and do all things required by any notice served upon it or upon the City in relation to the Premises or any part thereof, from any of the departments or agencies of the City, a county, the State of Maryland, or the United States, if the same shall be caused by the Tenant's use of the Premises. The Tenant shall pay all costs, expenses, claims, fines, penalties, and damages that may in any manner arise out of the failure of the Tenant to comply.

b. The Tenant shall use and operate the Premises in compliance with all "Environmental Legal Requirements", which shall mean any applicable law relating to public health, safety or the environment, including, without limitation, relating to releases, discharges or emissions to air, water, land or groundwater, to the withdrawal or use of groundwater, to the use and handling of polychlorinated biphenyls ("PCB's"), asbestos or asbestos containing products, to the disposal, treatment, storage or management of solid or other hazardous or harmful wastes or to exposure to toxic, hazardous or other harmful materials (collectively "Hazardous Substances"), to the handling, transportation, discharge or release of gaseous or liquid substance, and any regulation or final order or directive issued pursuant to such statute or ordinance, in each case applicable to the Premises, or its operation, construction or modification, including without limitation the following: The Clean Air Act, the Federal Water Pollution Control Act ("FWPCA"), the Safe Drinking Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, as amended by the Solid and Hazardous Waste Amendments of 1984 ("RCRA"), the Occupational Safety and Health Act, the Emergency Planning and Community Right-to-Know Act of 1986, the Solid Waste Disposal Act, and any federal, state or local statutes addressing similar matters, and any federal, state or local statute providing for financial responsibility for clean-up or other actions with respect to the release or threatened release of any of the above referenced substances.

15. INSURANCE

a. The Tenant, at its sole cost and expense, shall maintain in full force and effect during the Term of this Lease, and any Renewal Term, the following insurance coverages

insuring against claims that may arise from or in connection with the Tenant's operation and use of the Premises.

1. Commercial General Liability Insurance Policy, including contractual liability and property liability insurance for the Premises, written on an occurrence basis, in adequate quantity to protect against legal liability arising out of this Lease, but no less than \$100,000.00 per person and \$300,000.00 per occurrence in the aggregate, using a Combined Single Limit for bodily injury and property damage.

2. Workers Compensation insurance as required by Maryland law, with limits of at least \$100,000.00 per accident and \$500,000.00 per occupational disease for each employee.

3. Directors' and Officers' Liability Insurance Policy, in adequate quantity to protect against legal liability arising out of this Lease, but no less than \$500,000.00 per occurrence to cover all activities by the Tenant under this Lease.

b. On all Commercial General Liability Insurance policies, the City, its elected officials, appointees, directors, employees, agents, contractors and representatives shall be named as additional insureds, which shall be shown on insurance certificates furnished to the City.

c. Such policy or policies of insurance shall contain a provision by which the insurer waives any right of subrogation against the City arising out of any loss covered by such insurance.

d. The City shall not be liable to the Tenant for any damage to the Tenant's property caused by the negligence or intentional acts of any other tenant in the Premises, or caused by any condition existing on or emanating from the property of any other tenant which is caused by such tenant or any of its agents or contractors.

e. The Tenant shall insure and protect itself against injury, loss or damage to its property arising from any cause whatsoever, including omission, fault, negligence or other conduct of the City, through procurement of insurance coverage, without subjecting the City to liability to the Tenant for any injury, loss or damage which may be insured against, and further, without subjecting the City to subrogation claims of any insured

f. The Tenant shall submit to the City, simultaneously with the execution of this Lease, Certificates of Insurance evidencing the coverage required by this Lease before commencing the Term of this Lease. Such certificates shall provide that the City be given at least thirty (30) calendar days prior written notice of any cancellation of, intention not to renew, or material change in coverage.

g. The Tenant's insurance policy or policies shall not relieve the Tenant of any of its responsibilities or obligations of this Lease or for which the Tenant may be liable by law or otherwise.

h. The Tenant's insurance policy or policies shall be issued by an insurance company(s) authorized to do business within the State of Maryland.

i. The required insurance shall be primary to any other valid and collectable insurance.

j. The Tenant's failure to provide and continue in force the insurance policy or policies required by this Lease shall constitute a material breach of this Lease and shall operate as an immediate termination of this Lease.

16. INDEMNIFICATION

a. The Tenant shall be solely responsible for any and all injuries and damages to persons and property resulting from any breach or default of this Lease by the Tenant, or any negligent or intentional act or omission by the Tenant in carrying out the terms of this Lease or otherwise arising from this Lease.

b. The Tenant shall indemnify, defend and hold the Indemnified Parties harmless from and against all liability for injuries to persons, including death, and damage to the Premises or the Property arising from acts or omissions of the Tenant, its officers, agents, employees, contractors, patrons, volunteers, guests or invitees resulting in connection with this Lease. The Tenant shall also indemnify, defend and hold the Indemnified Parties harmless from and against any and all liabilities, claims, suits, or demands which may be made against the Indemnified Parties by any third party arising from the alleged violation of any third party's trade secrets, proprietary information, trademark, copyright, patent rights, or other intellectual property rights, or from the alleged violation of unfair competition, defamation, invasion of privacy, anti-discrimination laws or regulations, or any other right of any person or entity in connection with the Tenant's use of the Premises or the Property under this Lease.

c. The Tenant's indemnifications include reasonable attorney fees and costs incurred by the City in defending any claims, complaints, causes of action, lawsuits, or other such actions.

d. The City, in its sole discretion, may participate in handling its own defense or exclusively handle its own defense, and select its own attorneys, including the City Attorney. The indemnification for attorney fees applies whether or not the City Attorney or other attorney handles the defense.

e. Tenant indemnification does not limit any immunity which the Indemnified Parties are entitled to assert, and includes all costs and expenses, including attorney's fees, whether or not related to administrative or judicial proceedings.

f. The Tenant shall reimburse the City, within thirty (30) calendar days after invoicing for such reimbursement, for any damage to the Premises or the Property caused by the negligence or willful misconduct of the Tenant, its officers, agents, employees, contractors, patrons, volunteers, guests or invitees.

17. IMPAIRMENT OF THE CITY'S TITLE

The Tenant shall not have the right, power, or permission to do any act or to make any agreement that may create, give rise to, or be the foundation for, any right, title, interest, lien, charge, or other encumbrance on the Premises or the Property. The Tenant shall not permit any part of the Premises or the Property to be used by any person or persons or by the public, at any time or times during the term of this Lease, in such manner as might tend to impair the City's title to or interest in the Premises or the Property, or in such manner as might make possible a claim or claims of adverse use, adverse possession, prescription, dedication, or other similar claims of, in, to, or with respect to the Premises or the Property.

18. LIENS AND ENCUMBRANCES

a. The Tenant shall not permit any liens for labor or materials to attach to the Premises or the Property as a result of the improvements made or constructed upon the Premises or the Property by the Tenant and if such liens do attach, the Tenant shall cause immediately such liens to be discharged of record or bonded for the full amount of the lien. Failure of the Tenant to discharge or bond for the full amount of any lien with thirty (30) calendar days of receipt of notice thereof shall be cause for the City, at its option, to immediately terminate this Lease and sue the Tenant for damages.

b. During the Term of this Lease, the Tenant shall not mortgage or encumber the Premises or the Property.

19. TAXES AND ASSESSMENTS

a. The Tenant shall pay all impositions including all state, county and City taxes (including real estate ad valorem, sales, use, and occupancy taxes) and assessments of any kind and nature whatever, including all interest and penalties on them, which shall or may accrue or be incurred during the Term of this Lease. The Tenant shall pay all such taxes and assessments before any fine, penalty, interest, or cost may be added for nonpayment, and shall furnish to the City, on request, official receipts or other satisfactory proof evidencing such payment. If any tax or assessment is payable in installments over a period of years, the Tenant shall be liable only for payment of those installments falling due and payable during the Term, with appropriate pro-rata in case of fractional years.

b. Taxes and assessments shall not be deemed to include any municipal, state, or federal income taxes assessed against the City, or any municipal, state, or federal capital levy, estate, succession, inheritance, or transfer taxes of the City, or any franchise taxes imposed on the City, or any income, profits, or revenues tax, assessment, or charge imposed on the rent received as such by the City under this Lease.

20. THE CITY'S RIGHT OF ENTRY

a. The City and its employees, representatives, agents, and servants, including any builder or contractor employed by the City, shall have the absolute unconditional right, at any and all reasonable times without any prior notice to Tenant, to enter the Premises or the Property for any of the following purposes: (a) to inspect the Premises and the Property; (b) to make such repairs and/or changes in the Premises or the Property as the City may deem necessary or proper; (c) to enforce and carry out any provision of this Lease; (d) for any purpose relating to the safety, protection or preservation of the Premises or the Property; or (e) for any other purpose related to the enforcement of this Lease.

b. The Tenant shall install a Knox box on the main entrance to the Premises, and shall provide the City with a complete and current set of keys to all entrances and exits to the Premises.

c. The City shall use reasonable efforts to minimize interference to the Tenant's business or use of the Premises or the Property when making inspections or repairs, but the City shall not be required to perform the inspections or repairs at any time other than during normal working hours.

21. RESERVATION OF GOVERNMENTAL AUTHORITY

The City reserves the right at all times to exercise full governmental control and regulation with respect to all matters connected with this Lease not inconsistent with the terms of this Lease.

22. DEFAULT OR BREACH

a. The occurrence of any one (1) of the following events shall constitute Default or Breach under the terms of this Lease:

1. Failure by the Tenant to make any payment of Rent, Additional Rent, or any other payment required to be made by the Tenant under this Lease and the Tenant fails to remedy such default within five (5) business days after any such payment is due and payable.

2. Failure by the Tenant to observe or perform any of the material covenants, conditions or provisions of this Lease.

3. The Tenant's general assignment or general arrangement for the benefit of creditors, the filing by or against the Tenant of a petition to have the Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless in the case of a petition filed against the Tenant, the same is dismissed within sixty (60) calendar days), the appointment of a trustee or receiver to take possession of substantially all of the Tenant's property located in the Premises or the Tenant's interest in this Lease where such seizure is not discharged or bonded within ten (10) business days, the attachment, execution or other judicial seizure of substantially all of the Tenant's interest in this Lease, where such seizure is not discharged or bonded within ten (10) business days.

4. Vacating or abandonment of the Premises by the Tenant.

5. Any material misrepresentation by the Tenant to the City in connection with the negotiation or execution of this Lease.

b. Upon the occurrence of a Default or Breach, the City may, after giving the Tenant ten (10) calendar days written notice, proceed in the manner below.

1. Terminate this Lease and the Tenant's right to possession of the Premises and with or without legal process, re-enter and take possession of the Premises and remove the Tenant, any occupant and any property therefrom, without being guilty of trespass or being liable to any suit, action or prosecution therefore, which liability the Tenant expressly waives, and without relinquishing any rights of the City against the Tenant. Notwithstanding such re-entry and termination of this Lease, the Tenant shall remain liable to the City for any payments or damages, including, but not limited to, outstanding Rent and Additional Rent and attorneys' fees, due or sustained prior thereto; or

2. Maintain the Tenant's right to possession, in which case this Lease shall continue in effect, whether or not the Tenant shall have abandoned the Premises. In such event, the City shall be entitled to enforce all of the City's rights and remedies under this Lease, including the right to recover the Rent and Additional Rent as it becomes due hereunder.

c. No act or omission by the City shall be deemed to be an acceptance of a

surrender of the Premises or a termination of the Tenant's liabilities under this Lease, unless the City shall execute a written release of the Tenant. The Tenant's liability under this Lease shall not be terminated by the execution by the City of any new lease for all or any portion of the Premises or the acceptance of rent from any assignee or subtenant.

d. The City, in its sole discretion, may afford the Tenant a reasonable time to cure any default or breach of this Lease before declaring a Default or Breach and terminating this Lease.

23. TERMINATION FOR CONVENIENCE

The City may terminate this Lease for convenience, for any reason, and at any time by providing thirty (30) calendar days prior written notice to the Tenant. Any such termination of this Lease by the City shall not discharge the Tenant from any obligation it may have to the City by reason of any transaction, loss, cost, damage, expense or liability which shall occur or arise (or the circumstances, events or basis of which shall occur or arise) prior to such termination, whether the same be known or unknown at the time of such termination.

24. SURRENDER OF PREMISES

On the last day or earlier termination of this Lease, the Tenant shall vacate the Premises and leave it in good condition and repair, normal wear and tear excepted. If the Premises are not surrendered when required, the Tenant shall indemnify, defend and hold the Indemnified Parties harmless against loss or liability resulting from the delay by the Tenant in vacating the Premises, including, without limitation, any claims made by any succeeding tenant or other occupant founded on such delay. Any holding over with the consent of the City after the termination of this Lease shall be construed to be a tenancy from month-to-month upon the same terms and conditions as provided in this Lease, to the extent applicable. The Tenant's obligations under this Paragraph shall survive the expiration or earlier termination of the Term of this Lease.

25. MODIFICATION

No modification of this Lease shall be valid or effective unless agreed to and accepted in writing by the City and no act by any representative or agent of the City, other than such a written agreement and acceptance by the City, shall constitute an acceptance thereof.

26. REPRESENTATIONS AND WARRANTIES

The Tenant represents and warrants to the City that:

a. The Tenant is an entity organized under the laws of the State of Maryland, qualified to do business and in good standing in the State of Maryland, and authorized to conduct the business in which it is engaged and as described in this Lease.

b. The Tenant shall maintain its non-profit, 501(c)(3) status in good standing with the IRS throughout the Term of this Lease, and shall provide the City Attorney with evidence of such status each year the Lease is in effect. The Tenant shall immediately notify the City in writing if such status shall lapse or change in any way.

c. The Tenant shall timely file its federal, state and local tax returns each year.

- d. The Tenant is authorized to execute, deliver and perform this Lease.
- e. The Tenant shall not violate the order of any court or governmental authority or breach any contract or other agreement by entering into this Lease.
- f. There are no actions, suits, etc. pending or, to the best of its knowledge, threatened against the Tenant or which might adversely affect the Tenant's right to enter into or perform under this Lease.
- g. The Tenant has been represented (or has had the opportunity to be represented) in the execution of this Lease by independent legal counsel.
- h. There exists no actual or potential conflict of interest between its performance under this Lease and its engagement or involvement in any other agreement, or personal or professional activities. In the event such conflict or potential conflict arises during the Term of this Lease, or any renewal thereof, the Tenant shall immediately advise the City in writing thereof.
- i. The representations set forth in the Lease shall be true and valid throughout the Term.

27. ACCESS TO RECORDS

- a. At any time during normal business hours and as often as the City may deem necessary, the Tenant shall make available to and allow inspection and copying by the City, its employees or agents, of all books, records, accounts, reports, information and documentation of the Tenant related to the subject matter of this Lease, including, but not limited to, all contracts, invoices, payroll, and financial audits.
- b. The Tenant shall maintain all books, records, accounts, reports, information and documentation required under this Lease for a period of at least three (3) years after the date of termination of this Lease including any renewals, except in the event of litigation or settlement of claims arising from the performance of this Lease, in which case the Tenant shall do so until three (3) years after final adjudication of such litigation or settlement of claims.
- c. No later than thirty (30) calendar days after the start of each City fiscal year of the Original Term, and any Renewal Term, the Tenant shall provide the City with a complete and accurate accounting of the Maintenance Obligations made pursuant to this Lease, along with sufficient documents in such form as the City may require of the expenditure of all monies related to such Maintenance Obligations.

28. REMEDIES CUMULATIVE AND CONCURRENT

No remedy provided by this Lease or reserved to the City is intended to be exclusive of any other remedies provided for in this Lease, and each such remedy shall be cumulative, and shall be in addition to every other remedy given under this Lease, or now or hereafter existing at law or in equity or by statute. Every right, power and remedy given to the City shall be concurrent and may be pursued separately, successively or together against the Tenant, and every right, power and remedy given to the City may be exercised from time to time as often as may be deemed expedient by the City.

29. WAIVER OF REMEDIES FOR BREACH

No failure or delay by the City to insist upon the strict performance of any term, condition or covenant of this Lease, or to exercise any right, power or remedy consequent upon a breach or default thereof, shall constitute a waiver of any such term, condition or covenant or of any such breach or default, or preclude the City from exercising any such right, power or remedy at any later time or times.

30. INDEPENDENT CONTRACTOR STATUS

Nothing contained in this Lease shall be construed to constitute the Tenant as an agent, representative or employee of the City, or to create any relationship between the parties other than landlord and tenant.

31. BINDING EFFECT

The terms of this Lease shall be binding on and enforceable against the parties and their respective successors and assigns.

32. GOVERNING LAW

a. In all actions arising from this Lease, the laws of the State of Maryland shall govern, and the venue for all actions initiated pursuant to this Lease shall be exclusively the Courts of Anne Arundel County, Maryland.

b. The parties waive jury trial in all actions initiated pursuant to this Lease.

33. RECITALS

The Recitals of this Lease are incorporated into this Lease.

34. SEVERABILITY

If any of the provisions of this Lease are declared by a court or other lawful authority to be unenforceable or invalid for any reason, the remaining provisions hereof shall not be affected thereby and shall remain enforceable to the full extent permitted by law.

35. AMENDMENT OR MODIFICATION

This Lease sets forth the entire agreement between the parties relative to the subject matter of this Lease. No representation, promise or condition, whether oral or written, not incorporated herein shall be binding upon either party to this Lease. This Lease shall not be waived, amended or modified except in writing and signed by the authorized representative(s) of both parties.

36. TIME IS OF THE ESSENCE

Time is of the essence with respect to each and every provision of this Lease.

37. AUTHORIZATION

This Lease is authorized by the City Council pursuant to _____.

38. NOTICE

Any notice required to be delivered shall be deemed to have been received when the notice has been sent by certified mail, return receipt, overnight carrier, or hand delivered with signed receipt to the following address and individual or such other address and/or such other individual as a party may identify in writing to the other party:

To the City: Attn: Director
Department of Recreation and Parks
273 Hilltop Lane
Annapolis, Maryland 21401

With Copies to Both: Director, Department of Finance
160 Duke of Gloucester Street
Annapolis, Maryland 21401

And

City Attorney, Office of Law
160 Duke of Gloucester Street
Annapolis, Maryland 21401

To the Tenant: Chesapeake Children's Museum, Inc.
Deborah Wood, President
25 Silopanna Road
Annapolis, Maryland 21403

WITNESS the signatures and seals of the parties.

WITNESS:

CHESAPEAKE CHILDREN'S MUSEUM, INC.

By: _____
Deborah Wood (Seal)
Executive Director/President

ATTEST:

CITY OF ANNAPOLIS

Regina C. Watkins-Eldridge, MMC,
City Clerk

By: _____
Michael J. Pantelides, Mayor (Seal)

APPROVED FOR FINANCIAL SUFFICIENCY:

REVIEWED AND APPROVED BY:

Bruce T. Miller, Director
Finance Department

_____, City Manager (Acting)

REVIEWED AND APPROVED BY:

_____, Director
Department of Recreation and Parks

APPROVED FOR LEGAL FORM AND SUFFICIENCY*
(Subject to Execution by the City Mayor and City Council, if Indicated.)

OFFICE OF THE CITY ATTORNEY
*Approval of Legal Form and Sufficiency Does Not Convey Approval
or Disapproval of Substantive Nature of Transaction. Approval is
Based Upon Typeset Document. All Modifications Require Re-Approval.