



**WORK SESSION
AGENDA
KANNAPOLIS CITY HALL
401 LAUREATE WAY, KANNAPOLIS, NC
MARCH 9, 2026
4:30 PM**

Please Turn off Cell Phones or Place on Silent Mode.

CALL TO ORDER AND WELCOME

MOMENT OF SILENT PRAYER AND PLEDGE OF ALLEGIANCE

ADOPTION OF AGENDA - Motion to Adopt Agenda or make revisions

SPEAKERS FROM THE FLOOR

BUSINESS AGENDA

- A. **ORDINANCE** - Private Use Zone Amendment **UNANIMOUSLY APPROVED**
(Richard Smith, Planning Director)
- B. **ORDINANCE** - Amendment to the Traffic Control Schedule **UNANIMOUSLY APPROVED** (Michael Rattler, Director of Transportation & Environmental Services)
- C. **DISCUSSION** - Extra Territorial Jurisdiction (ETJ) **NO ACTION REQUIRED**
(Richard Smith, Planning Director)
- D. **DISCUSSION** - Historic Preservation **NO ACTION REQUIRED** (Richard Smith, Planning Director)
- E. **RESOLUTION** - Amending City Council Meeting Schedule **UNANIMOUSLY APPROVED** (Wilmer Melton, City Manager)
- F. **AUTHORIZATION** - Execute lease for 471 N Cannon Blvd. **MOVED FROM CONSENT TO BUSINESS AGENDA AND CONSEQUENTLY UNANIMOUSLY APPROVED** (Irene Wong, Economic & Community Development Director)
- G. **AUTHORIZATION** - Welcome Center and History Museum **MOVED FROM CONSENT TO BUSINESS AGENDA AND CONSEQUENTLY UNANIMOUSLY APPROVED** (Wilmer Melton, City Manager)

CITY MANAGER REPORT

CITY COUNCIL COMMENTS

CLOSED SESSION - N.C.G.S. 143-318.11 (a) (3) to consult with an attorney in

order to preserve attorney client privilege (Mayor Pro tem Dayvault)

MOTION TO ADJOURN

ADA Notice

In accordance with Title II of the Americans with Disabilities Act (ADA), any person requiring an accommodation to participate in a function or program of the City of Kannapolis should contact Daniel Jenkins, Assistant Human Resources Director & ADA Coordinator by phone at 704-920-4312, email adacoordinator@kannapolisnc.gov, or in person at Kannapolis City Hall as soon as possible, but not later than forty-eight (48) hours prior.

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**CITY OF KANNAPOLIS
CITY COUNCIL MEETING MINUTES
Work Session
March 9, 2026**

6 A meeting of the Kannapolis City Council was held on Monday, March 9, 2026, at 4:30 PM,
7 Kannapolis City Hall located at 401 Laureate Way, Kannapolis, NC.
8

9 **CITY COUNCIL MEMBERS PRESENT:**

10 Council Members: Doug Wilson, Mayor
11 Ryan Dayvault, Mayor Pro Tem
12 Darrell Jackson
13 Dianne Berry
14 Isaiah Payne
15 Jeanne Dixon
16 Naomi Hatchell
17

18 Council Members Absent: None
19

20 City Manager: Wilmer Melton
21

22 Deputy City Manager: Eddie Smith
23

24 Assistant City Manager: Kristin Jones
25

26 City Attorney: Andrew Kelly
27

28 Staff Present: Tony Eury David Jordan
29 Irene Wong Richard Smith
30 Alex Anderson Terry Spry
31 Michael Rattler Elizabeth McCarty
32 Gerald Faulkner Gary Mills
33 Sherry Gordon Annette Privette-Keller
34 Kirk Beard Pam Scaggs
35

36 Visitors Present: Zach Erwin Phil Goodman
37 Pam Smith Debbie Vavra
38 Joe Hatley Josh Teague
39 Judy Hammett Tracy Caskey
40 Amelia Caskey Sophia Wilkerson
41 Ron Flanders
42

43 **CALL TO ORDER AND WELCOME**

44 Mayor Wilson called the meeting to order and welcomed all in attendance. He led a moment of silent
45 prayer, followed by the Pledge of Allegiance by Councilmember Berry.
46

47 **ADOPTION OF AGENDA**

48 Mayor Wilson called for a motion regarding the Agenda. Mayor Pro Tem Dayvault the motion to
49 approve, second by Councilmember Dixon and unanimously approved.

1 **SPEAKERS FROM THE FLOOR**

2 Former Mayor Darrell Hinnant expressed concern regarding Council’s decision not to continue with
3 developing Eastside Park and to return state grant funds. Mr. Hinnant warned that doing so could
4 affect the City’s ability to receive future funding. He reminded Council that the park had been
5 promised to surrounding neighborhoods and that many community members have expressed feelings
6 of being overlooked in favor of downtown investment. He urged Council to reconsider their decision.
7 Mr. Hinnant also asked Council to move Item B from the Consent Agenda to the Business Agenda to
8 allow public discussion of the Welcome Center and History Museum project. He questioned the use
9 of the former Wells Fargo bank building and suggested that vacant space next to the Gem Theatre
10 would be a better location. Mr. Hinnant suggested that Council redirect funds from the renovation of
11 the Wells Fargo building to support development of Eastside Park. He also recommended establishing
12 a historic preservation commission before pursuing a history museum, raising questions about who
13 would operate it, what would be included, and how it would attract repeat visitors.

14
15 Debbie Vavra spoke in favor of developing an east side park, noting that there is currently no park on
16 the east side of town despite several nearby subdivisions within walking distance of the proposed site.
17 Ms. Vavra stated that parks are vital for physical and mental health and are an important part of a
18 vibrant, family-oriented community, adding that the park is already long overdue.

19
20 **CONSENT AGENDA**

21 Mayor Wilson called for a motion regarding the Consent Agenda. Councilmember Hatchell asked to
22 amend the agenda by moving Item A (Lease Authorization) to the Business Agenda. Councilmember
23 Dixon also requested that Item B be moved to Business Agenda. Mayor Wilson called for a motion
24 regarding the requested amendments. Motion to approve was made by Councilmember Hatchell,
25 second by Councilmember Dixon and unanimously approved. Mayor Wilson then called for a motion
26 to approve the amended Consent Agenda which was made by Councilmember Payne, second by
27 Mayor Pro Tem Dayvault and unanimously approved.

28
29 Authorization – Execute lease for 471 N Cannon Blvd. (Irene Wong, Economic & Community
30 Development Director) (Copy included as Agenda Item D.A.) – Unanimously moved to the Business
31 Agenda as Item E.F.

32
33 Authorization – Welcome Center and History Museum (Wilmer Melton, City Manager) (Copy
34 included as Agenda Item D.B.) – Unanimously moved to the Business Agenda as Item E.G.

35
36 **BUSINESS AGENDA**

37 **Ordinance – Private Use Zone Amendment) (Richard Smith, Planning Director) (Copy**
38 **included as Agenda Item E.A.)**

39 Mr. Smith stated that staff received a request from the Local Patriot Roasting Company to establish a
40 private use zone near their business for outdoor dining purposes. He provided a map further detailing
41 the requested area and stated it was not included in the previously adopted Private Use Zone
42 provisions which prompted the requested amendment. Mr. Smith added that the request included two
43 parking spaces immediately in front of the business but they would be handled on the next agenda
44 item.

1 There being no questions or comments, Mayor Wilson asked for a motion regarding the proposed
2 amendment. Councilmember Payne made the motion to approve, second by Councilmember Berry
3 and unanimously approved.
4

5 **Ordinance – Amendment to the Traffic Control Schedule (Michael Rattler, Director of**
6 **Transportation & Environmental Services) (Copy included as Agenda Item E.B.).**

7 Mr. Rattler directed Council’s attention to a map detailing the requested parking spaces as indicated
8 by Mr. Smith in the previous agenda item. He stated that the parking will be designated as “30-minute
9 parking” and is intended to encourage regular turnover and ensure availability for short-term visits.
10 He noted that the requested amendment to the Traffic Control Schedule was needed to make the
11 parking restrictions enforceable. He reminded Council of the actions requested and made himself
12 available for questions.
13

14 There being no questions or comments, Mayor Wilson called for a motion regarding the requested
15 Ordinance. Councilmember Jackson made the motion to approve, second by Councilmember Hatchell
16 and unanimously approved.
17

18 **Discussion – Extra Territorial Jurisdiction (ETJ) (Richard Smith, Planning Director) (Copy**
19 **includes as Agenda Item E.C.)**

20 Mr. Smith directed Council’s attention to the City map and provided an overview of the city’s Extra
21 Territorial Jurisdiction (ETJ), which covers approximately 2.3 square miles and includes about 1,280
22 residents. He explained that the ETJ was originally established to guide development in areas outside
23 city limits and to support potential future annexation. Mr. Smith noted that while the City can enforce
24 zoning and development regulations within the ETJ, residents in the area do not live within the city
25 limits and therefore cannot vote in municipal elections. He added that while removing the ETJ would
26 eliminate the City’s zoning and development authority, existing vested rights would remain in place.
27

28 Mr. Smith stated that there is no specific statutory process for removing an ETJ and that Council
29 would simply adopt an ordinance and update the boundary map to reflect the change. Additionally,
30 although a public hearing is not required, staff would notify all affected property owners and send
31 courtesy notice to Rowan County. He noted that if Council decides to remove the ETJ, representation
32 on the Planning and Zoning Commission and Board of Adjustment would no longer be required, and
33 those seats would later be filled by City residents.
34

35 Councilmembers Hatchell, Dixon and Jackson asked about future development, changes in City
36 limits, zoning, and annexations. Mr. Smith stated that he is not aware of any development proposals
37 located within the ETJ and confirmed that City limits will not change. With regard to zoning, he
38 responded that zoning on properties currently located in the ETJ would revert to Rowan County
39 zoning and that annexations are completely voluntary. Mr. Smith also confirmed to Mayor Pro Tem
40 Dayvault that, although no formal Council action is required at this time, he would need Council
41 consensus to proceed with the ETJ relinquishment. Council expressed unanimous consensus.
42

43 **Discussion – Historic Preservation (Richard Smith, Planning Director) (Copy includes as**
44 **Agenda Item E.D.)**

45 Mr. Smith presented information on historic preservation based on prior discussions at Council retreat
46 meetings and outlined options to protect significant structures and areas within the city. He explained
47 that preservation can occur through individual landmark designations, such as the previously

1 designated Gem Theatre, or through the establishment of historic districts, which are typically created
2 at the local level to preserve areas of historical, architectural, or cultural significance and maintain
3 the integrity of their design and character. He noted that while national historic registration follows a
4 formal nomination process, local designation would require the creation of a Council appointed
5 Historic Preservation Commission, adoption of an ordinance, and coordination with the State Historic
6 Preservation Office. The commission, consisting of at least three members with relevant expertise,
7 would oversee the review and regulation of changes to both residential and non-residential properties.
8 Mr. Smith noted that while historic districts can help maintain community character, they also
9 introduce stricter oversight, requiring property owners to obtain approval for exterior changes.

10
11 Mr. Smith highlighted recent state legislative changes limiting zoning authority, including restrictions
12 on down-zoning, which may complicate implementation of historic districts. He directed Council's
13 attention to several maps which identified older residential areas of the City as potential areas for
14 consideration. Financial and operational considerations include the potential need for a consultant and
15 dedicated staff resources. Examples from other municipalities demonstrate both the long-term
16 commitment required and the potential for political challenges due to the level of regulatory control
17 involved. Locally, interest has been expressed in applying preservation tools to downtown and former
18 mill housing areas; however, Mr. Smith noted that similar outcomes could potentially be achieved by
19 expanding existing downtown covenants, conditions, and restrictions (CCRs) with less administrative
20 complexity.

21
22 Councilmember Dixon asked about the ownership status of the older mill homes, specifically how
23 many are individually owned versus rented. Mr. Smith indicated that he did not have exact figures
24 but believed many are individually owned. Councilmember Hatchell asked for clarification regarding
25 qualifications for Historic Preservation Commission members as well as specific areas of designation.
26 Mr. Smith responded that while certain areas of expertise (such as architecture, history, or related
27 fields) are recommended, Council would have discretion to determine appropriate qualifications. He
28 also confirmed that historic designation would apply to defined areas, such as downtown or mill
29 homes, rather than scattered individual properties.

30
31 Mayor Pro Tem Dayvault expressed support for using existing CCRs as a more practical starting point
32 instead of establishing a full historic district. He referenced past discussions with the North Carolina
33 Main Street group and suggested that they be re-engaged as a resource to help guide preservation
34 efforts and provide input on potential strategies for downtown.

35
36 Councilmember Jackson expressed concern that historic designation could negatively impact
37 residential property sales. Mr. Smith acknowledged that such considerations are commonly part of
38 the broader discussion and debate surrounding historic preservation efforts.

39
40 **Resolution – Amending City Council Meeting Schedule (Wilmer Melton, City Manager) (Copy**
41 **includes as Agenda Item E.E.)**

42 Mr. Melton presented a Resolution to amend the Council meeting schedule, following prior discussion
43 regarding the structure and naming of meetings. He noted that historically, Council held a monthly
44 4:30 PM Work Session meeting for presentations and non-action items, and a 6:00 PM Business
45 Meeting. However, as action items have increasingly been included in both meetings, the proposed
46 change would rename both meetings as “Council meetings” and standardize the start time to 6:00 PM
47 for each.

1 There being no questions or comments, Mayor Wilson called for a motion to approve the requested
2 changes which was made by Councilmember Payne, second by Councilmember Dixon and
3 unanimously approved.
4

5 **Authorization – Execute lease for 471 N Cannon Blvd. (Irene Wong, Economic & Community**
6 **Development Director) (Copy included as Agenda Item E.F.)**

7 Councilmember Hatchell asked Ms. Wong to explain the process that led to the proposed lease
8 agreement and how the tenant was identified. Ms. Wong stated that although the prospective tenant
9 was brought forward by an outside broker, the space in the College Station shopping center is
10 marketed through the City’s commercial real estate broker. The space, formerly a Latino candy and
11 piñata store, has been vacant for approximately 18 months or longer. Ms. Wong further explained that
12 lease rates are negotiated through a Letter of Intent, with guidance from the broker and that current
13 rates in the center range from \$12 to \$20 per square foot. She noted that more visible centers with
14 anchor tenants typically lease in the upper teens to mid-\$20 range per square foot. Ms. Wong indicated
15 that the College Station center is more difficult to lease due to limited road frontage and lack of an
16 anchor tenant. In response to a question from Councilmember Berry about the previously approved
17 chiropractor tenant, Ms. Wong reported that although the tenant has signed a lease and continues to
18 pay rent, no construction plans have been submitted and no upfit work has begun, making the situation
19 unusual.
20

21 Mayor Wilson called for a motion regarding the lease agreement. Mayor Pro Tem Dayvault made the
22 motion to authorize the City Manager to execute the lease, second by Councilmember Berry and
23 unanimously approved.
24

25 **Authorization – Welcome Center and History Museum (Wilmer Melton, City Manager) (Copy**
26 **included as Agenda Item E.G.)**

27 Councilmember Dixon asked for more information regarding the welcome center prior to acting on
28 the issue. City Manager Wilmer Melton stated that following retreat discussions regarding Council’s
29 desire to establish a welcome center and history museum, staff identified the previous Wells Fargo
30 bank building as the best location due to the ample space, condition of the building and proximity to
31 parking. Mr. Melton noted that the space near the GEM Theatre is much smaller and questioned
32 whether it was big enough to accommodate both uses. He noted that the authorization request is to
33 simply get the process started with a conceptual design process. Mr. Melton added that a potential
34 “steering committee” could be comprised of business owners, stakeholders and Council members.
35

36 Councilmember Jackson noted that a lot of information needs to be discovered such as daily
37 operations, tenant participation and recurring expenses to understand the site’s full potential and
38 agreed that it appears to be a suitable site. Mr. Melton reiterated that Council authorization is the first
39 step; without it, funding discussions with potential partners cannot proceed.
40

41 Mayor Pro Tem Dayvault agreed with Councilmember Jackson and made the motion to authorize the
42 City Manager to proceed with the conceptual design process. Second by Councilmember Payne and
43 unanimously approved.
44

45 **CITY MANAGER REPORT**

46 No report
47

1 **CITY COUNCIL COMMENTS**

2 Councilmember Dixon asked Staff to identify available funds for critical home repairs to support
3 more residents. She also asked for periodic updates regarding location of warming and cooling centers
4 as well as to include RCCC in those updates if College Station is selected. Mayor Pro Tem Dayvault
5 added that a group running a warming center in Concord is interested in partnering with Kannapolis
6 in this endeavor.
7

8 Councilmember Hatchell reported that she, along with Councilmember Dixon and Mr. Melton
9 attended the Cabarrus Chamber Legislative Breakfast as well as the Town & State Dinner hosted by
10 the North Carolina League of Municipalities. She talked about the importance of attending these
11 events to build relationships with state representatives to better serve the citizens of Kannapolis. She
12 thanked Mayor Wilson for his encouragement to engage these types of opportunities.
13

14 Councilmember Payne reported that he has seen questions and concerns from residents via social
15 media and stated that the City’s website contains contact information for each Council member. He
16 encouraged residents to contact members directly and not to rely on social media since some Council
17 member may not see their question or comment. Councilmember Payne assured residents that Council
18 members value their input and are happy to hear from them.
19

20 Mayor Wilson suggested that staff consider seeking assistance from Councilmember Jackson to help
21 market the welcome center, given his extensive experience as a business owner.
22

23 **CLOSED SESSION**

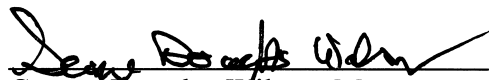
24 Mayor Pro Tem Dayvault made the motion to go into Closed Session in accordance with G.S. 143-
25 318.11 (a) (3) to consult with an attorney in order to preserve the attorney-client privilege. Second by
26 Councilmember Berry and unanimously approved.
27


28 Council entered Closed Session at 5:23 P.M.
29

30 **MOTION TO ADJOURN**

31 There being no further business, Councilmember Dixon made motion to adjourn, second by Mayor
32 Pro Tem Dayvault, and the motion was unanimously approved.
33

34 The meeting adjourned at 6:36 P.M. on Monday, March 9, 2026.
35
36
37


George Douglas Wilson, Mayor
City of Kannapolis


Pam Scaggs, CMC, NCCMC
City Clerk



To: Mayor and City Council
From: Richard Smith, Planning Director
Subject: **ORDINANCE** - Private Use Zone Amendment **UNANIMOUSLY APPROVED**

Recommended Action Requested by City Council

Motion to approve an Ordinance amending Section 9-42 (Private Use Zone Maps) of the Kannapolis Code of Ordinances to reclassify Platform 2 on West Avenue to Private Use Zone 2F and to amend the Private Use Zone Fee Schedule accordingly.

Required Votes to Pass Required Action

Majority Present at Meeting

Background

On July 26, 2021, City Council approved a Resolution adopting an Ordinance to amend the Kannapolis Code of Ordinances to establish Downtown Private Use Zones. Establishing these zones has proven beneficial to the overall management of the use of public areas as well as balancing the harmony of conducting business and enjoying our downtown area.

Staff received a request from the owner of the Local Patriot Roasting Company to use some of the areas immediately outside their business for outdoor dining purposes. After further review, it was determined that the areas they were considering were not presently included in our previously adopted Private Use Zone provisions.

The purpose of this amendment is to include the areas requested by this business and to revise the Private Use Zone fee schedule to incorporate this additional area. A copy of the revised map and the amended fee schedule are attached to this staff report.

The requested locations encompass Platform 2 on West Avenue and two parking spaces immediately in front of the Local Patriot Roasting Company. Presently, Platform 2 is identified as a temporary use area for private use zones. If changed to a designated ongoing private use zone per this request, this area will no longer be available to other entities for use because it will be rented to the requesting business.

Further, the two parking spaces that are being requested will be designated as 30-minute customer parking for all businesses. The intent of this time restriction is to encourage regular turnover and to ensure availability for short-term visits, similar to the 30-minute parking space across the street located at Stadium Lofts.

Fiscal Implications

Amendments to the City's Fee Schedule are necessary to accompany the ordinance amendment.

Alternate Courses of Action

1. Table action to a future meeting.

2. Take no action.

Attachments

1. 2026-11 Ordinance to Amend Section 9.42 Private Use Zones to add Location 2F
2. Amended Private Use Zone Fees Exhibit B

**ORDINANCE TO AMEND SECTION 9.42 OF THE DOWNTOWN
PRIVATE USE ZONES TO ADD LOCATION 2F ON WEST AVENUE
AND TO AMEND THE FEE SCHEDULE ACCORDINGLY**

WHEREAS, North Carolina General Statutes Chapter 160A authorizes municipalities to exercise regulatory authority over the public property and activities taking place thereon; and

WHEREAS, the City of Kannapolis recognizes the need to update the Private Use Zone Map to better serve the community; and

WHEREAS, the addition of new private use zones will provide more opportunities for development and enhance the economic growth of the downtown area; and

WHEREAS, City Council has reviewed the proposed amendment and determined that it is in the best interest of the public.

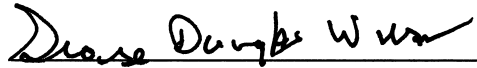
BE IT ORDAINED that:

1. Section 9.42 of the Kannapolis Code of Ordinances is hereby amended to include an additional Private Use Zone hereinafter referred to as Zone 2F as shown on the attached Private Use Zone Map (Exhibit A).
2. Further, the Private Use Zone section of the Adopted Fiscal Year 2026 Fee Schedule (adopted June 23, 2025) is replaced in its entirety with the section attached hereto and incorporated herein (Exhibit B).

This Ordinance is approved and adopted this the 9th day of March 2026.

ATTEST:


Pam Scaggs, CMC, NCCMC
City Clerk


George Douglas Wilson, Mayor
City of Kannapolis

Kannapolis Private Use Zones

March 4, 2026

- Private
- West Ave
- Other
- Temporary
- Private Use Zone Edit

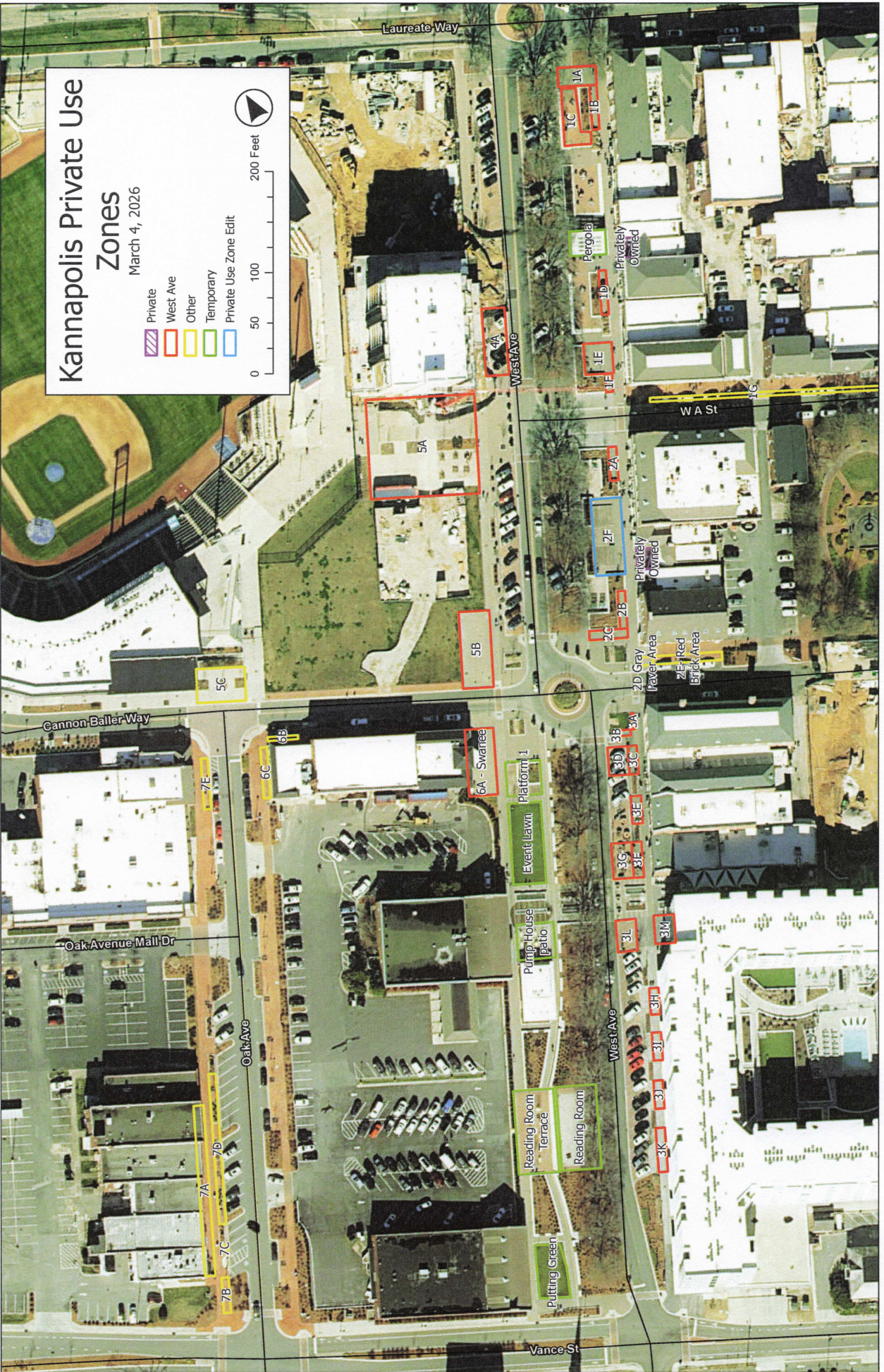


EXHIBIT B

Private Use Zone Fees							
Private Use Zone ID	Measure Adjacent to Building Face		Sq. Ft.	Hourly Rate	After Hours Hourly Rate	Max. Annual License Fee	Location
	Parallel	Perpendicular					
1A	19	38	722	\$10.00	\$15.00	\$181	West Ave
1B	44	7	308	\$5.00	\$10.00	\$77	West Ave
1C	54	14	756	\$10.00	\$15.00	\$189	West Ave
1D	44	7	308	\$5.00	\$10.00	\$77	West Ave
1E	28	30	840	\$10.00	\$15.00	\$210	West Ave
1F	18	7	126	\$5.00	\$10.00	\$32	West Ave
1G	308	4	1232	\$10.00	\$15.00	\$308	A Street
2A	33	8	264	\$5.00	\$10.00	\$66	West Ave
2B	37	7	259	\$5.00	\$10.00	\$65	West Ave
2C	9	38	342	\$5.00	\$10.00	\$86	West Ave
2D	12	8	96	\$5.00	\$10.00	\$24	Cannon Baller Way
2E	68	12	816	\$10.00	\$15.00	\$204	Cannon Baller Way
2F/Platform 2	60	20	1200	\$30.00	\$35.00	\$345	East side of West Avenue, north of Cannon Baller Way
3A	16	3	48	\$5.00	\$10.00	\$12	West Ave
3B	6	16	96	\$5.00	\$10.00	\$24	West Ave
3C	28	9	252	\$5.00	\$10.00	\$63	West Ave
3D	28	20	560	\$10.00	\$15.00	\$140	West Ave (Parking Spaces for non parking uses)
3E	27	10	270	\$5.00	\$10.00	\$68	West Ave
3F	35	10	350	\$5.00	\$10.00	\$88	West Ave
3G	35	20	700	\$10.00	\$15.00	\$175	West Ave (Parking Spaces for non parking uses)
3H	26	9	234	\$5.00	\$10.00	\$59	West Ave
3I	28	9	252	\$5.00	\$10.00	\$63	West Ave
3J	28	9	252	\$5.00	\$10.00	\$63	West Ave
3K	44	9	396	\$5.00	\$10.00	\$99	West Ave
3L	35	20	700	\$10.00	\$15.00	\$175	West Ave (Parking Spaces for non parking uses)
3M	28	20	560	\$10.00	\$15.00	\$140	West Ave
4A	74	18	1332	\$10.00	\$15.00	\$333	West Ave (Stadium Lofts)
5A	84	106	8904	\$10.00	\$15.00	\$2,226	West Ave
5B	76	40	3040	\$10.00	\$15.00	\$760	Cannon Baller Way
5C	66	36	2376	\$5.00	\$10.00	\$594	Cannon Baller Way
6A	60	23	1380	\$10.00	\$15.00	\$345	West Ave
6B	30	4	120	\$5.00	\$10.00	\$30	Cannon Baller Way
6C	50	7	350	\$5.00	\$10.00	\$88	Oak Ave
7A	170	10	1700	\$20.00	\$25.00	\$425	Oak Ave
7B	35	7	245	\$5.00	\$10.00	\$61	Oak Ave
7C	6	7	42	\$5.00	\$10.00	\$11	Oak Ave
7D	150	7	1050	\$10.00	\$15.00	\$263	Oak Ave
7E	50	7	350	\$5.00	\$10.00	\$88	Oak Ave
8A	225	18	4050	NA	NA	\$1,013	Main Street (Parking Lot for non parking uses)
Reserved Parking Space (1)	9	18	162	\$5.00	NA	\$162	All Public Parking Spaces (for vehicular parking)
Reading Room	62	34	2108	\$20.00	\$25.00	NA	West side of West Avenue, south of Cannon Baller Way
Event Lawn	70	23	1610	\$25.00	\$30.00	NA	West side of West Avenue, south of Cannon Baller Way
Platform 1	30	26	780	\$25.00	\$30.00	NA	Adjacent to the Event Lawn
Platform 2	60	20	1200	\$30.00	\$35.00	NA	East side of West Avenue, north of Cannon Baller Way
Pergola	28	26	728	\$20.00	\$25.00	NA	East side of West Avenue, north of West A Street
Pump House Patio	28	30	840	\$25.00	\$30.00	NA	West side of West Avenue, south of Cannon Baller Way
Reading Room Terrace	82	32	2706	\$20.00	\$25.00	NA	West side of West Avenue, south of Cannon Baller Way
Putting Green	55	27	1485	\$20.00	\$25.00	NA	West side of West Avenue, adjacent to Vance Avenue
*Seating capacity based on 15 sq. ft per person (for information only)							
Outdoor Table and Two Chairs	NA	NA	NA	NA	NA	\$300	Within a Private Use Zone with a valid annual license

EXHIBIT A

Private Use Zone Fees

Private Use Zone ID	Measure Adjacent to Building Face		Sq. Ft.	Hourly Rate	After Hours Hourly Rate	Max. Annual License Fee	Location
	Parallel	Perpendicular					
1A	19	38	722	\$10.00	\$15.00	\$181	West Ave
1B	44	7	308	\$5.00	\$10.00	\$77	West Ave
1C	54	14	756	\$10.00	\$15.00	\$189	West Ave
1D	44	7	308	\$5.00	\$10.00	\$77	West Ave
1E	28	30	840	\$10.00	\$15.00	\$210	West Ave
1F	18	7	126	\$5.00	\$10.00	\$32	West Ave
1G	308	4	1232	\$10.00	\$15.00	\$308	A Street
2A	33	8	264	\$5.00	\$10.00	\$66	West Ave
2B	37	7	259	\$5.00	\$10.00	\$65	West Ave
2C	9	38	342	\$5.00	\$10.00	\$86	West Ave
2D	12	8	96	\$5.00	\$10.00	\$24	Cannon Baller Way
2E	68	12	816	\$10.00	\$15.00	\$204	Cannon Baller Way
2F/Platform 2	60	20	1200	\$30.00	\$35.00	\$345	East side of West Avenue, north of Cannon Baller Way
3A	16	3	48	\$5.00	\$10.00	\$12	West Ave
3B	6	16	96	\$5.00	\$10.00	\$24	West Ave
3C	28	9	252	\$5.00	\$10.00	\$63	West Ave
3D	28	20	560	\$10.00	\$15.00	\$140	West Ave (Parking Spaces for non parking uses)
3E	27	10	270	\$5.00	\$10.00	\$68	West Ave
3F	35	10	350	\$5.00	\$10.00	\$88	West Ave
3G	35	20	700	\$10.00	\$15.00	\$175	West Ave (Parking Spaces for non parking uses)
3H	26	9	234	\$5.00	\$10.00	\$59	West Ave
3I	28	9	252	\$5.00	\$10.00	\$63	West Ave
3J	28	9	252	\$5.00	\$10.00	\$63	West Ave
3K	44	9	396	\$5.00	\$10.00	\$99	West Ave
3L	35	20	700	\$10.00	\$15.00	\$175	West Ave (Parking Spaces for non parking uses)
3M	28	20	560	\$10.00	\$15.00	\$140	West Ave
4A	74	18	1332	\$10.00	\$15.00	\$333	West Ave (Stadium Lofts)
5A	84	106	8904	\$10.00	\$15.00	\$2,226	West Ave
5B	76	40	3040	\$10.00	\$15.00	\$760	Cannon Baller Way
5C	66	36	2376	\$5.00	\$10.00	\$594	Cannon Baller Way
6A	60	23	1380	\$10.00	\$15.00	\$345	West Ave
6B	30	4	120	\$5.00	\$10.00	\$30	Cannon Baller Way
6C	50	7	350	\$5.00	\$10.00	\$88	Oak Ave
7A	170	10	1700	\$20.00	\$25.00	\$425	Oak Ave
7B	35	7	245	\$5.00	\$10.00	\$61	Oak Ave
7C	6	7	42	\$5.00	\$10.00	\$11	Oak Ave
7D	150	7	1050	\$10.00	\$15.00	\$263	Oak Ave
7E	50	7	350	\$5.00	\$10.00	\$88	Oak Ave
8A	225	18	4050	NA	NA	\$1,013	Main Street (Parking Lot for non parking uses)
Reserved Parking Space (1)	9	18	162	\$5.00	NA	\$162	All Public Parking Spaces (for vehicular parking)
Reading Room	62	34	2108	\$20.00	\$25.00	NA	West side of West Avenue, south of Cannon Baller Way
Event Lawn	70	23	1610	\$25.00	\$30.00	NA	West side of West Avenue, south of Cannon Baller Way
Platform 1	30	26	780	\$25.00	\$30.00	NA	Adjacent to the Event Lawn
Platform-2	60	20	1200	\$30.00	\$35.00	NA	East side of West Avenue, north of Cannon Baller Way
Pergola	28	26	728	\$20.00	\$25.00	NA	East side of West Avenue, north of West A Street
Pump House Patio	28	30	840	\$25.00	\$30.00	NA	West side of West Avenue, south of Cannon Baller Way
Reading Room Terrace	82	32	2706	\$20.00	\$25.00	NA	West side of West Avenue, south of Cannon Baller Way
Putting Green	55	27	1485	\$20.00	\$25.00	NA	West side of West Avenue, adjacent to Vance Avenue
*Seating capacity based on 15 sq. ft per person (for information only)							
Outdoor Table and Two Chairs	NA	NA	NA	NA	NA	\$300	Within a Private Use Zone with a valid annual license



To: Mayor and City Council
From: Michael Rattler, Director of Transportation & Environmental Services
Subject: **ORDINANCE** - Amendment to the Traffic Control Schedule **UNANIMOUSLY APPROVED**

Recommended Action Requested by City Council

Motion to approve an Ordinance amending Section 6(c) of the Kannapolis Traffic Control Schedule to add two (2) additional "30 Minute Parking" spaces on West Avenue.

Required Votes to Pass Required Action

Majority Present at Meeting

Background

The City of Kannapolis Traffic Control Schedule, adopted by City Council on March 23, 1987, was established as the official traffic schedule of the City of Kannapolis. Parking conditions are identified in the Traffic Control Schedule.

The proposed amendment is being made in conjunction with the previous Agenda item "Private Use Zone Amendment". Staff is proposing to add two (2) additional "30-minute parking" spaces to encourage regular turnover and ensure availability for short-term visits, similar to the existing 30-minute parking spaces across the street at Stadium Lofts.

Fiscal Implications

The cost of application of the Traffic Control Schedule Section 6 (c) "30 Minute Parking" is in materials and maintenance of signage.

Alternate Courses of Action

1. Defer action to a future meeting.
2. Take no action.

Attachments

1. 2026-12 Ordinance to Amend Traffic Control Schedule Section 6 (c)

**ORDINANCE TO AMEND TRAFFIC CONTROL SCHEDULE SECTION 6 (c)
THEREBY AMENDING THE CODE OF ORDINANCE FOR THE CITY OF
KANNAPOLIS**

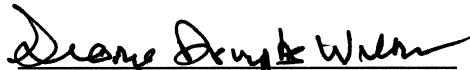
BE IT ORDAINED that *Schedule 6 (c) – 30-Minute Parking* of the Traffic Control Schedule is hereby amended as follows:

Declare the Following

<u>Street</u>	<u>Location</u>
West Ave	East Side from 136 feet south of West A Street for 12 feet

BE IT FURTHER ORDAINED that Section 10-142 of the Code of Ordinance for the City of Kannapolis be updated to reflect the same.

Adopted this 9th day of March 2026.


George Douglas Wilson, Mayor
City of Kannapolis

ATTEST:

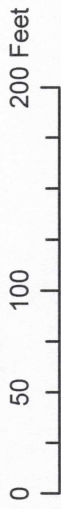

Pam Scaggs, CMC, NCCMC
City Clerk

Schedule 6(c) 30 Minute Parking

Street	Location	Notes
West A Street	South side from 135 feet east of West Ave east for 60 feet	
Laureate Way	South side from 50 feet east of West Ave east for 124 feet	
Cannon Baller Way	South side from 50 feet west of West Ave west for 66 feet	
Cannon Baller Way	South side from 25 feet east of West Ave east for 44 feet	
S. Main Street	West Side from 152 feet south of Laureate Way for 62 feet	
West Ave	West Side from 236 feet south of Laureate Way for 11 feet	
West Ave	East Side from 136 feet south of West A Street for 12 feet	

30 Minute Parking Schedule Section 6(c) Proposed Edits

- Existing
- Proposed





To: Mayor and City Council
From: Richard Smith, Planning Director
Subject: **DISCUSSION** - Extra Territorial Jurisdiction (ETJ) **NO ACTION REQUIRED**

Recommended Action Requested by City Council

None; discussion only.

Required Votes to Pass Required Action

Presentation Only. No Action Required

Background

As with many North Carolina municipalities, the City of Kannapolis has what is known as an Extra Territorial Jurisdiction (ETJ) area in the properties adjacent to our existing corporate limits in Rowan County. This ETJ area extends up to one mile from the existing city limits in Rowan County. The city does not have an established ETJ area in Cabarrus County.

ETJs were created by the legislature years ago in order to allow municipalities to have some enforcement powers within areas that were considered their future growth areas and overall spheres of influence. Municipalities are authorized to exercise zoning, subdivision, building code, and other development regulations in a defined area just outside of the municipal boundary. The purpose of this statutory authority is rooted in community growth. Development commonly occurs on the outskirts of the city and often just across the formal municipal boundary. The establishment of the ETJ recognized that the city has an interest in the style and pace of growth in its peripheral area, particularly if the area is likely to be annexed or to receive municipal services. However, the ETJ was a stronger growth tool when municipalities exercised involuntary annexation authority. Since that authority no longer exists, some municipalities have decided to relinquish their ETJ area for administrative, financial, political, or other reasons. Staff is seeking direction on whether to maintain the current ETJ boundaries or pursue any modifications moving forward.

Fiscal Implications

Revenue and activity in the ETJ have been limited. Since January 2021, the City has collected just under \$58,000 from 108 permits issued in the ETJ, and fewer than 20 code enforcement cases have been opened during that time. Staff generally receives more inquiries about the ETJ than actual permitting or enforcement matters. Additionally, enforcement authority in the ETJ is limited to zoning issues, as state law does not allow the City to address public nuisance violations in that area.

Alternate Courses of Action

N/A

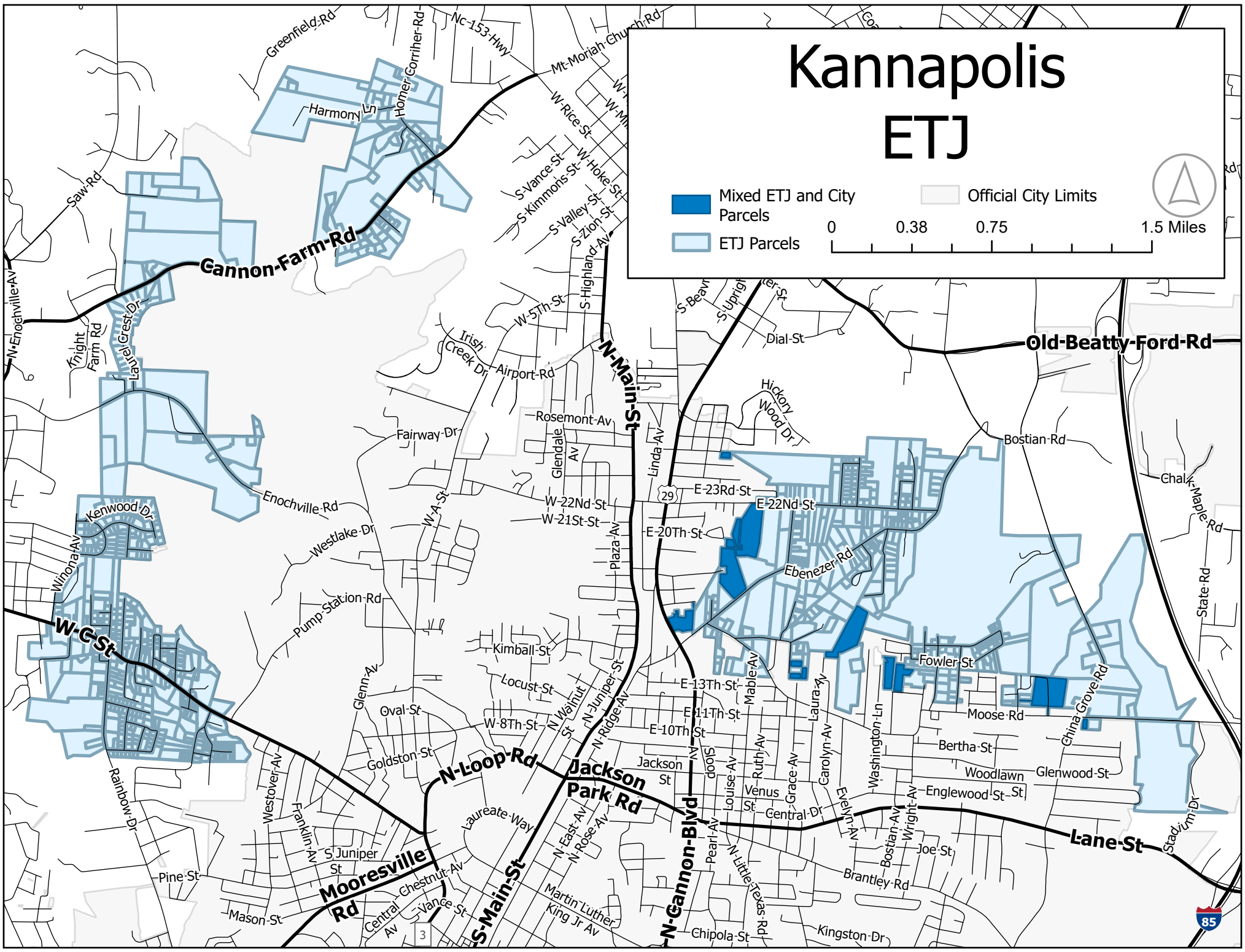
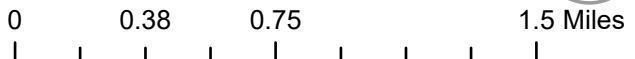
Attachments

1. ETJ area 2026-03-03

Kannapolis ETJ

- Mixed ETJ and City Parcels
- ETJ Parcels

Official City Limits





To: Mayor and City Council
From: Richard Smith, Planning Director
Subject: **DISCUSSION** - Historic Preservation **NO ACTION REQUIRED**

Recommended Action Requested by City Council

None; discussion only.

Required Votes to Pass Required Action

Presentation Only. No Action Required

Background

There has been recent discussion and inquiries for City Council related to Historic Preservation within the city. The primary interest has been related to the core downtown area, as well as the existing older mill home inventory.

There are various avenues for establishing such preservation measures within state statutes. Staff will present this information to City Council and facilitate discussion on potential next steps for historic preservation if Council deems this a priority.

Fiscal Implications

N/A

Alternate Courses of Action

N/A

Attachments

None



To: Mayor and City Council
From: Wilmer Melton, City Manager
Subject: **RESOLUTION** - Amending City Council Meeting Schedule **UNANIMOUSLY APPROVED**

Recommended Action Requested by City Council

Motion to adopt a Resolution amending the 2026 City Council meeting schedule by renaming the “Work Session” and “Business Meeting” to “City Council Meeting” and setting all meetings to begin at 6:00 PM.

Required Votes to Pass Required Action

Majority Present at Meeting

Background

In accordance with NC General Statutes, 160A-71(a), City Council is required to adopt a regular meeting schedule for the following year. Council adopted the 2026 meeting schedule at their November 10, 2025 meeting.

The “Work Session” meeting format was originally intended to be a less formal setting that allowed Council to discuss items in greater detail without taking formal action. It was also scheduled to begin at 4:30 PM to provide additional time for Closed Session items.

Since both the “Work Session” and “Business Meeting” formats have been functioning in much the same way, it has been proposed that both meetings begin at 6:00 PM and that the name be simplified to “City Council Meeting.”

Fiscal Implications

None

Alternate Courses of Action

1. Table Action to a future meeting.
2. Take no action.

Attachments

1. 2026-08 Resolution Amending City Council Regular Meeting Schedule

**RESOLUTION AMENDING THE REGULAR MEETING
SCHEDULE OF THE KANNAPOLIS CITY COUNCIL
FOR THE YEAR 2026**

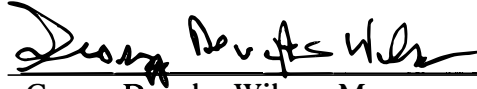
BE IT RESOLVED by the Kannapolis City Council, pursuant to North Carolina General Statute 160A-71 (a), that the following amendments be made to the regular 2026 meeting schedule of City Council:

1. Remove the distinction of “Work Session” and “Business Meeting”.
2. All meetings shall now begin at 6:00 PM.

BE IT FURTHER RESOLVED, the regular meeting schedule previously adopted by City Council is hereby rescinded in favor of the schedule set forth in this Resolution.

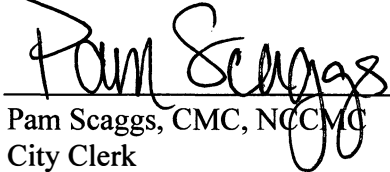
BE IT FURTHER RESOLVED, this regular meeting schedule shall be effective immediately and shall continue in effect unless and until it is revoked or amended by action of City Council.

Adopted this the 9th day of March 2026.



George Douglas Wilson, Mayor
City of Kannapolis

Attest:



Pam Scaggs, CMC, NCCMC
City Clerk



KANNAPOLIS CITY COUNCIL MEETING SCHEDULE 2026

January 12	Work Session	4:30 PM
January 26	Business Meeting	6:00 PM
February 9	Work Session	4:30 PM
February 23	Business Meeting	6:00 PM
March 9	Work Session	4:30 PM
March 23		6:00 PM
April 13		6:00 PM
April 27		6:00 PM
May 11		6:00 PM
June 8		6:00 PM
June 22		6:00 PM
July 13		6:00 PM
July 27		6:00 PM
August 10		6:00 PM
August 24		6:00 PM
September 14		6:00 PM
September 28		6:00 PM
October 12		6:00 PM
October 26		6:00 PM
November 9		6:00 PM
November 23		6:00 PM
December 14		6:00 PM

All meetings will be held in the Council Chambers, Kannapolis City Hall located at 401 Laureate Way, Kannapolis.



To: Mayor and City Council
From: Irene Wong, Economic & Community Development Director
Subject: **AUTHORIZATION** - Execute lease for 471 N Cannon Blvd. **MOVED FROM CONSENT TO BUSINESS AGENDA AND CONSEQUENTLY UNANIMOUSLY APPROVED**

Recommended Action Requested by City Council

Motion to authorize the City Manager to execute the lease for 471 N. Cannon Blvd and make minor changes as needed

Required Votes to Pass Required Action

Majority Present at Meeting

Background

A prospective tenant is interested in leasing 471 N. Cannon Blvd in the College Station shopping center for the sale and production of signage and banners for buildings, vehicles, and outdoor use. The tenant desired a five-year lease, which requires a 30-day public notice prior to City Council approval.

The space is currently vacant and has no other interested parties at this time and was formerly the candy and party supply store.

Fiscal Implications

The base monthly rent will be: Year 1: \$3,390.00, Year 2: \$3,491.70, Year 3: \$3,596.45, Year 4: \$3,704.34, Year 5: \$3,815.47. Said lease will also be subject to renewal, at the option of the Tenant, for an additional five years at the following monthly rents: Option Year 1: \$3,929.94, Option Year 2: \$4,047.84, Option Year 3: \$4,169.27, Option Year 4: \$4,294.35, Option Year 5: \$4,423.18.

Alternate Courses of Action

1. Defer action to a future meeting.
2. Take no action

Attachments

1. 471 N. Cannon Blvd. Lease Public Notice
2. 471 N Cannon Lease - Proexpert Holding



**PUBLIC NOTICE
LEASE OF CITY PROPERTY**

The City Council of the City of Kannapolis will consider a lease agreement for the following city-owned property (the “Property”):

471 N. Cannon Blvd
Kannapolis, North Carolina

The City proposes to lease the Property to Proexpert Holding, Inc., a Delaware corporation (“Tenant”) for an initial term of five years. In consideration of the lease, Tenant will pay the City base monthly rent for the following years of the term: Year 1: \$3,390.00, Year 2: \$3,491.70, Year 3: \$3,596.45, Year 4: \$3,704.34, Year 5: \$3,815.47. Said lease will also be subject to renewal, at the option of the Tenant, for an additional five years at the following monthly rents: Option Year 1: \$3,929.94, Option Year 2: \$4,047.84, Option Year 3: \$4,169.27, Option Year 4: \$4,294.35, Option Year 5: \$4,423.18.

All persons interested in this lease are invited to attend the meeting of the City Council to be held in the Council Chambers, City Hall, 401 Laureate Way, Kannapolis, North Carolina at 4:30 pm on Monday, March 9, 2026. At that time, Council intends to authorize the lease of the Property.

In accordance with Title II of the Americans with Disabilities Act (AD), any person requiring an accommodation to participate in a function or program of the City of Kannapolis, should contact Daniel Jenkins, Assistant Human Resource Director & ADA Coordinator, by phone at 704-920-4312, email adacoordinator@kannapolisnc.gov, or in person at Kannapolis City Hall as soon as possible but not later than 48 hours before the scheduled event.

ADVERTISING INSTRUCTIONS:

To be published as a Legal Ad in the Independent Tribune on Saturday, February 7, 2026.

If this date is not acceptable, or any problems please contact immediately:

Julie Long (704)-920-4371

jlong@kannapolisnc.gov

COLLEGE STATION LEASE AGREEMENT

Between

City of Kannapolis

and

Proexpert Holding, Inc.

Tenant _____

INDEX TO COLLEGE STATION LEASE

ARTICLE I.	<u>Definitions and Certain Basic Provisions</u>
ARTICLE II.	<u>Granting Clause</u>
ARTICLE III.	<u>Construction and Acceptance of Demised Premises</u>
ARTICLE IV.	<u>Monthly Payment</u>
ARTICLE V.	<u>Common Area</u>
ARTICLE VI.	<u>Use and Care of Premises</u>
ARTICLE VII.	<u>Maintenance and Repair of Premises</u>
ARTICLE VIII.	<u>Alterations</u>
ARTICLE IX.	<u>Landlord’s Right of Access; Use of Roof</u>
ARTICLE X.	<u>Signs; Store Fronts</u>
ARTICLE XI.	<u>Utilities</u>
ARTICLE XII.	<u>Indemnity, Public Liability Insurance and Fire Extended Coverage Insurance</u>
ARTICLE XIII.	<u>Non-Liability for Certain Damages</u>
ARTICLE XIV.	<u>Damage by Casualty</u>
ARTICLE XV.	<u>Eminent Domain</u>
ARTICLE XVI.	<u>Assignment and Subletting</u>
ARTICLE XVII.	<u>Property Taxes</u>
ARTICLE XVIII.	<u>Default by Tenant and Remedies</u>
ARTICLE XIX.	<u>Mechanics’ Liens</u>
ARTICLE XX.	<u>Holding Over</u>
ARTICLE XXI.	<u>Subordination</u>
ARTICLE XXII.	<u>Merchant’s Association</u>
ARTICLE XXIII.	<u>Notices</u>
ARTICLE XXIV.	<u>Late Charges</u>
ARTICLE XXV.	<u>Miscellaneous</u>
ARTICLE XXVI.	<u>Landlord’s Lien</u>
ADDENDUM AHazardous Materials
ADDENDUM BAdditional Lease Provisions
EXHIBIT “A”Shopping Center Site Plan Showing Premises
EXHIBIT “B” Legal Description of Shopping Center
EXHIBIT “C” Description of Tenant’s Work
EXHIBIT “D”Shopping Center Rules and Regulations
EXHIBIT “E” Definition of Common Area Costs
EXHIBIT “F”Landlord’s Sign Criteria
EXHIBIT “G”Guaranty of Lease

Tenant _____

THE STATE OF NORTH CAROLINA

COUNTY OF CABARRUS

This Lease Agreement ("Lease") is entered into this _____ day of March, 2026, by and between the Landlord and the Tenant hereinafter named.

ARTICLE 1. Definitions and Certain Basic Provisions.

1.1 The following terms, whenever capitalized and used in the Lease, shall have the meanings ascribed to them as set forth in this Section:

- a) Landlord: City of Kannapolis, a North Carolina municipal corporation
- b) Landlord's Address: 401 Laureate Way, Kannapolis NC 28081
- c) Tenant: Proexpert Holding, Inc., a Delaware corporation
- d) Tenant's mailing address: 272 Sutro Forest Dr, NW Concord NC 28027
- e) Tenant's trade name: Signarama
- f) Tenant's address in Shopping Center: 471 N. Cannon Blvd, Kannapolis, NC
- g) Premises: Approximately 3,200 square feet in Building (computed from measurements to the exterior of outside walls of the building and to the center of interior walls), such premises being shown and outlined within the cross-hatched area of the site plan attached hereto as Exhibit A, and being part of the Shopping Center situated upon the property described in Exhibit B attached hereto. "Shopping Center" shall refer to the property described in Exhibit B, together with such additions and other changes as Landlord may from time to time designate as included within the Shopping Center.
- h) Term: The initial lease term shall commence on the "Commencement Date" as defined in Section 3.2 and end 60 months thereafter. Tenant shall have the option to extend the lease term subject to and in accordance with Article II.
- i) Intentionally Omitted
- j) Permitted Use: Signarama franchise – sale and production of signage and banners for buildings, vehicles, and outdoor use.
- k) Minimum Guaranteed Rent: Monthly base rent for the following prescribed periods of the Lease Term: Year 1: \$3,390.00, Year 2: \$3,491.70, Year 3: \$3,596.45, Year 4: \$3,704.34, Year 5: \$3,815.47
- l) Initial Common Area Maintenance Charge per month under Section 5.3: \$192 per month (\$0.72) per square foot per year).
- m) Initial Insurance Escrow Payment per month under Section 12.3: \$63 per month (\$0.24 per square foot per year).
- n) Initial Tax Escrow Payment per month under Section 17.2: \$0 per month (\$0.00 per square foot per year).
- o) Security Deposit: \$3,390.00

Tenant _____

1.2 The following sums comprise the total monthly rent due during the Lease Term (“Monthly Payment”):

	Type of Rent / Charge	Year 1	Year 2-5
A	Initial Minimum Guaranteed Rent; and	\$3,390.00	Minimum Guaranteed Rent per Section 1.1(k)
B	Initial Common Area Maintenance Charge; and	\$192.00	Common Area Maintenance Charge per Section 5.3
C	Initial Insurance Escrow Payment; and	\$63.00	Insurance Escrow Payment per Section 12.3
D	Initial Tax Escrow Payment; and	\$0.00	Tax Escrow Payment per Section 17.2
	Initial Monthly Payment Total	\$3,645.00	Sum of rows A-D for the applicable Lease Year

1.3 Each of the foregoing definitions and basic provisions shall be construed in conjunction with and limited by references thereto in other provisions of this Lease.

ARTICLE II. Granting Clause. 2.1 In consideration of the obligation of Tenant to pay the Monthly Payment (Minimum Guaranteed Rent and other charges as herein provided) and in consideration of the other terms, covenants and conditions hereof, Landlord hereby demises and leases to Tenant, and Tenant hereby leases from Landlord, the Premises for the Initial Lease Term, which term may be extended as provided herein. The amount of the Minimum Guaranteed Rent during the Initial Lease Term is set forth in Paragraph 1.1.(k) of the Lease and is subject to change during any extended lease term(s) as set forth herein this Article II.

2.2 Option to Extend Term. Provided: (i) Tenant has not at any time during the Term of the Lease been in default under any of the terms or provisions of the Lease and that Tenant is not in default on the first day of the extended term (unless Landlord, at Landlord’s option [as Landlord elects in Landlord’s sole and absolute discretion] and without waiving any other right or remedy Landlord may have as a result of such default, waives either such condition with respect to any such Tenant default as hereinabove provided in which event the extended term shall commence if exercised by Tenant as provided in (b) below); (ii) Tenant has not been late in the payment of rent and other charges as herein provided under the Lease more than three (3) times during the initial Term of the Lease; and (iii) Tenant herein has not assigned, subleased or otherwise transferred Tenant’s interest in the Lease without Landlord’s approval; Tenant shall have the right to extend the Term of the Lease in accordance with the following:

- (a) For an extended term for one (1) period of five (5) years (“Extended Term”).
- (b) Tenant shall exercise such right to the Extended Term by written notice to Landlord, not less than six (6) months nor more than twelve (12) months prior to the expiration of the Initial Term.
- (c) Such extended terms, excepting Minimum Guaranteed Rent, taxes, insurance and common area maintenance, shall be subject to the same terms, covenants, and conditions as the original term of the Lease.
- (d) The amount of the Minimum Guaranteed Rent during the Extended Term is \$3,929.93 for Year 1 of the Extended Term, with 3% annual increases in the rent amount.
- (e) Proportionate costs related to taxes, insurance and common area maintenance of the Premises are also subject to increase during any Extended Term.

Tenant _____

ARTICLE III. Construction and Acceptance of Demised Premises. 3.1 Tenant shall be permitted to construct improvements upon the Premises consistent with the "Description of Tenant's Work" in Exhibit C attached hereto, if any, with such minor variations as Landlord may deem advisable, provided that Tenant receives the prior written approval of the City (via its Economic Development Director, Irene Wong), before conducting any such work. Any alterations, additions, or improvements to the Premises by Tenant shall be made by Tenant at Tenant's sole cost and expense ("Tenant's Work). Tenant acknowledges that he has had an opportunity to inspect the Premises prior to this Lease and that he accepts the same in as-is condition. By initiating work upon the Premises detailed on Exhibit C, Tenant shall be deemed to have accepted the Premises and to have acknowledged that the same fully comply with Landlord's covenants and obligations hereunder. Tenant further agrees that all work done by or on behalf of the tenant to the Premises shall be performed in a good and workmanlike manner by qualified personnel in compliance with all governmental requirements and in such a manner as to cause a minimum of interference with other tenants and the transaction of business in the Shopping Center. Any alterations, additions, or improvements to or of said Premises, including, but not limited to, wall coverings, paneling, and built-in cabinet work, but excepting movable furniture and other personal property, shall at once become a part of the realty and belong to Landlord and shall be surrendered with the Premises, unless otherwise expressly agreed by Landlord in writing.

3.2 The Effective Date of this Lease shall be the date of the last Party to execute this Lease. The Commencement Date of this Lease shall be March 16, 2026. Tenant agrees to furnish to Landlord a Certificate of Occupancy prior to opening the Premises to the public. In consideration of the improvements expected to be made to the Premises by the Tenant, Tenant shall have the right to occupy the Premises upon the Effective Date of this Lease. Such occupancy of the Premises by Tenant prior to the Commencement Date shall be subjected to all of the terms and provisions of this Lease excepting only those requiring the payment of rent. Landlord and Tenant each agree that at the request of either they will, following the Commencement Date, execute and deliver a recordable short form lease containing the basic provisions of this Lease, acknowledging that Tenant has accepted possession, and reciting the exact Commencement Date and termination date of this Lease.

ARTICLE IV. Monthly Payment. 4.1. The Monthly Payment, as specified in Section 1.2 shall accrue hereunder from the Commencement Date, and shall be payable at the place designated for the delivery of notices to Landlord at Landlord's Address upon the first of the month, without demand and without set-off or deduction, for any reason whatsoever. Notwithstanding the foregoing, the Monthly Payment shall commence upon the earlier of i) the date Tenant opens for business or ii) the date that is 120 days from the Commencement Date

4.2 The first Minimum Guaranteed Rental payment shall be due and payable on or before the Commencement Date, and subsequent Minimum Guaranteed Rental payments shall be due and payable on or before the first day of each succeeding calendar month during the Lease Term; provided that if the Commencement Date is a date other than the first day of a calendar month, there shall be due and payable on or before such date as Minimum Guaranteed Rental for the balance of such calendar month a sum equal to that proportion of the rent specified for the first full calendar month as herein provided, which the number of days from the Commencement Date to the end of the calendar month during which the Commencement Date shall fall bars to the total number of days in such month.

ARTICLE V. Common Area. 5.1 The "Common Area" is the part of the Shopping Center designated by Landlord from time to time for the common use of all tenants, including among other facilities, parking area (both surface and structure/garage parking spaces), sidewalks, landscaping, curbs, loading areas, private streets and alleys, lighting facilities, hallways, malls, restrooms, and other areas and improvements provided by Landlord for the common use of all tenants, all of which shall be subject to Landlord's sole management and control and shall be operated and maintained in such manner as Landlord, in its discretion shall determine. Landlord reserves the right to change from time to time to the dimensions and location of the Common Area and to construct additional buildings or additional stories on existing buildings or other improvements in the Shopping Center, and to eliminate buildings from the plan. Tenant and its employees, customers, subtenants, licensees and concessionaires shall have the non-exclusive right and license to use the Common Area as constituted from time to time, such use to be permitted by Landlord to be in common with Landlord, other tenants of the Shopping Center and other persons permitted by Landlord to use the same. Tenant and Tenant's agents, employees and invitees will comply fully with all requirements of the rules and regulations which are attached hereto as Exhibit D, and made a part hereof as though fully set out herein. Landlord shall at all

Tenant _____

times have the right to change such rules and regulations or to promulgate other rules and regulations in such manner as may be deemed advisable for safety, care or cleanliness of the Shopping Center and for preservation of good order therein, all of which rules and regulations, changes and amendments will be forwarded to Tenant in writing and shall be carried out and observed by Tenant. Tenant shall further be responsible for the compliance with such rules and regulations by the employees, servants, agents, visitors and invitees of Tenant. Landlord may be temporarily close any part of the Common Area for such periods of time as may be necessary to prevent the public from obtaining perspective rights or to make repairs or alterations.

5.2 Landlord shall maintain as part of the Common Area the hard surface parking area within the Shopping Center as shown on Exhibit B or in reasonable proximity thereto, it being expressly agreed, however, that in addition to the rights reserved to Landlord in Section 5.1 above, Landlord may from time to time substitute for any parking area shown on Exhibit A other areas or multi-level parking facilities reasonably accessible to the tenants of the Shopping Center.

5.3 Tenant agrees to pay, in addition to Minimum Guaranteed Rent, a charge (the "Common Area Maintenance Charge") each month equal to its proportionate share of the cost of operation and maintenance of the Common Area (including, among other costs, those listed on Exhibit E) which may be incurred by Landlord in its discretion, and including an allowance in the amount of fifteen percent (15%) of the total Common Area costs for Landlord's overhead and administrative costs. The proportionate share to be paid by Tenant of the cost of operation and maintenance of the Common Area shall be computed on the ratio that the total area of the Premises bears to the total number of square feet of leasable space within the Shopping Center. Such proportionate share shall be paid by Tenant in monthly installments in such amounts as are estimated and billed by Landlord at the beginning of each twelve (12) month period commencing and ending on dates designated by Landlord, each installment being due on the first day of each calendar month. If at any time during such twelve (12) month period it shall appear that Landlord has underestimated Tenant's proportionate share of Common Area costs for such twelve (12) month period, Landlord may re-estimate Tenant's proportionate share of Common Area costs and may bill Tenant for any deficiency which may have accrued during such twelve (12) month period and thereafter the monthly installment payable by Tenant shall also be adjusted. Within one hundred twenty (120) days or such reasonable time thereafter (in Landlord's determination) after the end of each such twelve (12) month period, Landlord shall deliver to Tenant a statement of Common Area costs for such twelve (12) month period and the monthly installments paid or payable shall be adjusted between Landlord and Tenant, and each party hereby agrees that Tenant shall pay Landlord or Landlord shall credit Tenant's account (or, if such adjustment is at the end of the term, pay Tenant), within thirty (30) days of receipt of such statement, the amount of any excess or deficiency in Tenant's proportionate share of Common Area costs paid by Tenant to Landlord during such twelve (12) month period. Tenant shall not incur an increase of more than four percent (4%) annually for its proportionate share of the discretionary costs incurred by Landlord for common area maintenance during the Initial Lease Term. Such discretionary costs shall not include any cost increases out of the control of the Landlord or such costs that are made in accordance with the Landlord's established maintenance schedule for the Shopping Center. Failure of Landlord to provide the statement called for hereunder shall not relive Tenant from its obligations hereunder. The initial Common Area Maintenance Charge subject to adjustment as provided herein, shall be that amount set out in Section 1.1 (l).

ARTICLE VI. Use and Care of Premises. 6.1 The Premises may be used only for the purpose or purposes specified in Section 1.1 (j) above, the Permitted Use, and for no other purpose or purposes without the prior written consent of Landlord. Tenant shall use in the transaction of business in the Premises the trade name specified in Section 1.1 (e) above and no other trade name without the prior written consent of Landlord. Tenant agrees to offer preferred pricing to the Landlord and to any existing or future tenants at Shopping Center. Tenant shall not at any time leave the Premises vacant, but shall in good faith continuously throughout the term of this Lease conduct and carry on in the entire Premises the type of business for which the Premises are leased. Tenant shall operate its business with a complete line of full selection and sufficient stock of first class merchandise of current style and type, attractive displays and in an efficient, high class and reputable manner so as to produce the maximum amount of sales from the Premises, and shall, except during reasonable periods for repairing, cleaning and decorating keep the Premises open to the public for business with adequate and competent personnel in attendance on all days and during all hours (including evenings) established by Landlord from time to time as store hours for the Shopping Center, and during any

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other days and hours extent Tenant may be prohibited from being open for business by applicable law, ordinance or government regulation.

6.2 Tenant shall not, without Landlord's prior written consent, keep anything within the Premises for any purpose which increases the insurance premium cost or invalidates any insurance policy carried on the Premises or other part of the Shopping Center. Tenant shall pay as additional rental, upon demand of Landlord, any such increased premium cost due to Tenant's use or occupation of the Premises. All property kept, stored or maintained within the Premises by Tenant shall be at Tenant's sole risk.

6.3 Tenant shall not conduct within the Premises any fire, auction or bankruptcy sales or operate within the Premises a "Wholesale" or "factory outlet" store, a cooperative store or a "second hand" store, a "surplus" store or a store commonly referred to as a "discount house". Tenant shall not (i) advertise that it sells products or services at "discount", "cut-price", or "cut-rate" prices, (ii) permit any objectionable or unpleasant odors to emanate from the Premises, (iii) place or permit any radio, television, loudspeaker or amplifier on the roof or outside the Premises or where the same can be seen or heard from outside the building or in the Common Area, (iv) place an antenna, awning or other projection on the exterior of the Premises; (v) distribute leaflets or other solicit advertising material in the Common Area; (vi) take any other action which in the exclusive judgement of Landlord would constitute a nuisance or would disturb or endanger other tenants of the Shopping Center or unreasonably interfere with their use of their respective premises, (vii) do anything which would tend to injure the reputation of the Shopping Center.

6.4 Tenant will take good care of the Premises and keep the same free from waste at all times. Tenant shall keep the Premises and sidewalks, service-ways and loading areas adjacent to the Premises neat, clean and free from dirt, rubbish, insects and pests at all times, and shall store all trash and garbage within the Premises, arranging for the regular pickup of such trash and garbage at Tenant's expense. Tenant will store all trash and garbage within the area designated by Landlord for such trash pickup and removal and only in receptacles of the size, design and color from time to time prescribed by Landlord. Receiving and delivery of goods and merchandise and removal of garbage and trash shall be made only in the manner and areas from time to time prescribed by Landlord. Landlord may, at its sole option, arrange for collection of all trash and garbage and, should Landlord exercise such election, Tenant's proportionate share of the cost thereof will be part of its Common Area Maintenance Charge. Tenant shall not operate an incinerator or burn trash or garbage within the Shopping Center.

6.5 Tenant shall maintain all display windows in a neat, attractive condition, and shall keep all display windows and exterior electric signs in front of the Premises lighted from dusk until 10:00 PM every day, including Sundays and holidays.

6.6 Tenant shall include the address and identity of its business activities in the Premises in all advertisements made by Tenant in which the address and identity of any similar local business activity of Tenant is mentioned.

6.7 Tenant shall procure, at its sole expense, any permits and licenses required for the transaction of business in the Premises and otherwise comply with all applicable laws, ordinances and governmental regulations.

6.8 Tenant shall have the exclusive right to the retail sale of signs at the Shopping Center during the Term, provided the Tenant is not in default.

ARTICLE VII. Maintenance and Repair of Premises. 7.1 Landlord shall keep the foundation, the exterior walls (except store fronts, plate glass windows, doors, door closure devices, window and door frames, molding, locks and hardware and painting or other treatment of interior and exterior walls) and roof of the Premises in good repair, ordinary wear and tear excepted. Any repairs required to be made by Landlord hereunder which are occasioned by the act or negligence of Tenant, its agents, employees, subtenants, licensees and concessionaires, shall be paid for by Tenant upon demand to the extent not covered by net insurance proceeds paid to Landlord therefore. In the event that the Premises should become in need of repairs required to be made by Landlord hereunder, Tenant shall give immediate written notice thereof to Landlord and Landlord shall not be responsible in any way for failure to make any such repairs until a reasonable time shall have elapsed after delivery of such written notice.

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Landlord's obligation hereunder is limited to repairs specified in this Section 7.1 only, and Landlord shall have no liability for any damages or injury arising out of any condition or occurrence causing a need for such repairs.

7.2 Tenant shall furnish, maintain and replace all electric light bulbs, tubes and tube casings.

7.3 Tenant shall keep the Premises in good, clean condition and shall, at its sole cost and expense, make all needed repairs and replacements, including replacement of cracked or broken glass, and shall keep all plumbing units, pipes and connections free from obstruction and protected against ice and freezing. If any repairs, replacements or maintenance required on the part of Tenant hereunder are not accomplished within ten (10) days after written notice to Tenant from Landlord, Landlord may, at its option, perform such repairs, replacements or maintenance without liability to Tenant for any loss or damage which may result to its stock or business by reasons thereof, and Tenant shall pay to Landlord immediately upon demand as additional rental hereunder the cost of such repairs, replacements or maintenance plus (15%) of such cost. At the expiration of this Lease, Tenant shall surrender the Premises in good condition, reasonable wear and tear and loss by fire or other casualty accepted and shall surrender all keys for the Premises to Landlord and shall inform Landlord of all combinations on locks, safes and vaults, if any, in the Premises. Upon move out by Tenant, should the Premises require any repairs which are the responsibility of Tenant hereunder, Landlord shall have the right to make such repairs at Tenant's sole cost.

7.4 Tenant acknowledges that the air conditioning and heating equipment (HVAC) is in proper working condition upon execution of this Lease. Repair and maintenance of the air conditioning and heating equipment shall be solely the responsibility of Tenant. Throughout the entire term of this Lease, Tenant shall at its own costs and expense, enter into a regularly scheduled preventative maintenance/service contract with a maintenance contractor for servicing all hot water, heating and air conditioning systems and equipment within the Premises. The maintenance contractor and the contract must be approved by Landlord. The service contract must include all services suggested by the equipment manufacturer within the operation/maintenance manual and must become effective (and a copy thereof delivered to Landlord) with thirty (30) days of the date Tenant takes possession of the Premises.

ARTICLE VIII Alterations. 8.1 Tenant shall not make any alterations, additions or improvements to the Premises without the prior written consent of Landlord, except for the installation of unattached, moveable trade fixtures which may be installed without drilling or cutting or otherwise defacing the Premises. All alterations, additions, improvements and fixtures (other than unattached, moveable trade fixtures) which may be made or installed by either party upon the Premises shall remain upon and be surrendered with the Premises and become the property of Landlord at the termination of this Lease, unless Landlord requests their removal in which event Tenant shall remove the same and restore the Premises to their original condition at Tenant's expense. Any linoleum, carpeting or other floor covering which may be cemented or otherwise affixed to the floor of the Premises is a permanent fixture and shall become the property of Landlord without credit or compensation to Tenant.

8.2 All construction work done by Tenant within the Premises, including without limitation Tenant's Work referred to in Section 3.1, shall be performed in a good and workmanlike manner, in compliance with all governmental requirements, and the requirements of any contract or deed of trust to which the Landlord may be a party and in such manner as to cause a minimum of interference with other construction in progress and with the transaction of business in the Shopping Center. Tenant agrees to indemnify Landlord and hold it harmless against any loss, liability or damage resulting from such work, and prior to commencement of any such work Tenant shall, if requested by Landlord, furnish bond or other security satisfactory to Landlord against any such loss, liability or damage.

8.3 Tenant agrees that all venting, opening, sealing, waterproofing or any altering of the roof shall be performed by Landlord's roofing contractor at Tenant's expense and that when completed Tenant shall furnish to Landlord a certificate from Landlord's roofing contractor that all such alterations approved by Landlord have been completed in accordance with the plans and specifications therefore approved by Landlord. Tenant agrees that all improvements, alterations, repairs or other work performed upon the Premises under any provisions of this Lease shall be performed under the direction of a general contractor approved by Landlord. Tenant

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further agrees that plans and drawings for installation or revision of mechanical, electrical or plumbing systems shall be designed by an engineer approved by Landlord, such design work to be done at Tenant's expense.

ARTICLE IX. Landlord's Right of Access; Use of Roof. 9.1 Landlord shall have the right to enter upon the Premises at any reasonable time for the purpose of inspecting the same, or of making repairs to the Premises, or of making repairs, alterations or additions to adjacent premises, or of showing the Premises to prospective purchasers, lessees or lenders.

9.2 Use of the roof above the Premises is reserved to Landlord. Tenant shall not be allowed on the roof without Landlord's prior written consent.

ARTICLE X. Signs; Store Fronts. 10.1 Tenant shall not, without Landlord's prior written consent (a) make any changes to or paint the store front; or (b) install any exterior lighting, decorations or paintings or (c) erect or install any signs, banners, window or door lettering, placards, decorations or advertising media of any type which can be viewed from the exterior of the Premises, excepting only dignified displays of customary type for its display window. All signs, decorations and advertising media shall conform in all respects to Landlord's sign criteria attached hereto as Exhibit F. All signs shall be kept in good conditions and in proper operating order at all times. Landlord reserves the right to designate a uniform type of signs for the Shopping Center to be installed and paid for by Tenant.

10.2 Tenant agrees to have erected and/or installed and fully operative, at Tenant's expense, on or before the Commencement Date of this Lease all signs in accordance with Landlord's sign criteria. The Tenant, upon vacation of the Premises, or the removal or alteration of its sign for any reason, shall be responsible for the repair, painting, and/or replacement of the building fascia surface where signs are attached.

10.3 Tenant shall pay its prorated cost of electricity if Tenant maintains a sign on Landlord's pylon or monument sign (if any) Furthermore, Tenant waives any liability on the part of Landlord arising out of Tenant's use of the pylon or monument sign and agrees to hold Landlord harmless from and against any liability arising out of Tenant's use of such sign.

10.4 During the period that is six (6) months prior to the end of the Lease Term and at any time Tenant is in default hereunder and such default has remained uncured for at least thirty (30) days, Landlord shall have the right to erect on the Premises signs indicating that the Premises are available for lease.

ARTICLE XI. Utilities. 11.1 Landlord agrees to cause to be provided and maintained the necessary mains, conduits and other facilities necessary to supply water, electricity, gas (if applicable), telephone service and sewerage service to the Premises, subject to any special provisions contained in Exhibit C. Landlord shall not be responsible for providing any meters or other devices for the measurement of utilities supplied to the Premises. Tenant shall at Tenant's sole cost and expense make application and arrange for the installation of all such meters or other devices.

11.2 Tenant shall promptly pay all charges for electricity, water, gas, telephone service, sewage service, internet and other utilities furnished to the Premises and shall promptly pay any maintenance charges therefore Landlord may, if it so elects, furnish one or more utility services to Tenant, and in such event Tenant shall purchase such services as are tendered by Landlord, and shall pay on demand as additional retail the rates established therefore by Landlord which shall not exceed the rates which would be charged for the same services if furnished directly by the local public utility companies. Landlord may at any time discontinue furnishing any such service without obligation to Tenant other than to connect the Premises to the public utility, if any, furnishing such service.

11.3 Landlord shall not be liable for any interruption or failure whatsoever in utility services and Tenant shall comply with all terms and provisions of this Lease notwithstanding any such failure or interruption.

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ARTICLE XII. Indemnity, Public Liability Insurance and Fire Extended Coverage Insurance.

12.1 Landlord shall not be liable to Tenant or to Tenant's employees, agents or visitors, or to any person or entity whomsoever, for injury to person or damage to or loss of property on or about the Premises or the Common Area caused by the negligence or misconduct of Tenant, its officers, partners, employees, agents, subtenants, licensees, concessionaires, visitors or any other person entering the Shopping Center under the express or implied invitation of Tenant, or arising out of the use of the Premises by Tenant and the conduct of its business therein, ' or arising out of any breach or default by Tenant in the performance of its obligations hereunder or resulting from any other cause except Landlord's negligence. Tenant covenants to indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless Landlord and any person or persons in privity of estate with Landlord from and against any and all claims and demands of third persons (including, but not limited to, those for death, for personal injuries, or for loss of or damage to property) occurring in or arising, directly or indirectly, out of or in connection with the use and occupancy of the Premises, any breach of this Lease, Tenant's Work or alterations performed by Tenant in or to the Premises, the business conducted in the Premises, or (without limiting the foregoing) as a result of any acts, omissions or negligence of Tenant, or any concessionaire, or their respective contractors, licensees, agents, servants, employees or other persons in or about the Premises, and from and against all costs, expenses and liability occurring in or in connection with any such claim or proceeding brought thereon, unless due to the gross negligence or willful misconduct of Landlord.

12.2 Tenant shall procure and maintain throughout the term of this Lease, at its sole cost and expense, the following insurance coverage:

(i) Commercial General Liability. Insurance with a limit not less than \$1,000,000 per occurrence \$2,000,000 general aggregate on per occurrence form and coverage for damage to rented premises with a limit of not less than \$250,000. The commercial general liability insurance requirement may be satisfied through a combination of primary commercial general liability and excess umbrella liability policies /aggregate;

(ii) Employers' Liability. \$500,000 each accident /\$500,000 disease each employee /\$500,000 disease policy limit;

(iii) Workers' Compensation. Insurance meeting the statutory requirements of the State of North Carolina and any applicable Federal laws; and

(iv) Commercial automobile liability - a minimum combined single limit each accident of \$1,000,000 providing coverage for hired and non-owned vehicles utilized in the performance of services.

The insurance required by this Section shall name "City of Kannapolis, a North Carolina municipal corporation" as an additional insured to the Commercial General Liability and Automobile policies which shall be primary and not contributory to any other insurance that may be available to the City. The Tenant shall provide City with a certificate of such insurance evidencing the satisfaction of the requirements hereof and containing a provision that City be given thirty (30) days prior written notice of any intent to amend (where such amendment would cause the coverage to satisfy the aforementioned requirements) or terminate such policy(ies) by the Tenant or the insuring company. Furthermore, such policy(ies) shall name City as an additional insured and the same shall be evidenced by an additional insured endorsement. Tenant's failure to comply with the foregoing requirements relating to insurance shall constitute an event of default hereunder. In addition to the remedies provided in Article XII of this Lease, Landlord may, but is not obligated to, obtain such insurance and Tenant shall pay to Landlord upon demand as additional rental the premium cost thereof plus interest thereon at the rate equal to the lesser of the highest rate permitted by law or eighteen percent (18%) per annum from the date of payment by Landlord until repaid by Tenant.

12.3 Tenant agrees to pay its proportionate share of Landlord's cost of carrying fire and extended coverage insurance and liability insurance in such amounts as Landlord deems necessary or desirable Landlord ("Insurance") on the Shopping Center. During each month of the Lease Term, Tenant shall make a monthly escrow deposit with Landlord equal to 1/12 of its proportionate share of the Insurance on the Shopping Center which will be due and payable for that particular year. Tenant authorizes Landlord to use the funds deposited with Landlord under this section to pay the cost of Insurance. Each Insurance Escrow Payment shall be due and payable at the same time and manner of the

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payment of Minimum Guaranteed Rental as provided herein. The amount of the initial monthly Insurance Escrow Payment will be that amount set out in Section 1.1(m) above. The initial monthly Insurance Escrow Payment is based upon Tenant's proportionate share of the estimated Insurance on the Shopping Center for the year in question, and the monthly Insurance Escrow Payment is subject to increase or decrease as determined by Landlord to reflect and accurate monthly escrow of Tenant's estimate proportionate share of the Insurance. The Insurance Escrow Payment account of Tenant shall be reconciled annually. If Tenant's total Insurance Escrow Payment are less than Tenant's actual proportionate share of the Insurance on the Shopping Center, Tenant shall pay to Landlord upon demand the difference; if the total Insurance Escrow payments of Tenant are more than Tenant's actual proportionate share of the Insurance on the Shopping Center, Landlord shall retain such excess and credit it to Tenant's Insurance Escrow Payment account. Tenant's proportionate share of the cost of Insurance on the Shopping Center shall be computed by multiplying the cost of Insurance by a fraction, the numerator of which shall be the number of square feet of floor space in the Premises and the denominator of which shall be the number of square feet of all stories in the Shopping Center that are leasable on January 1, of the applicable year.

ARTICLE XIII. Non-Liability for Certain Damages 13.1 Landlord and Landlord's agents and employees shall not be liable to Tenant of any other person or entity whomsoever for any injury to person or damage to property caused by the Premises or other portions of the Shopping Center becoming out of repair or damaged or by defect in or failure of equipment, pipes or wiring, or broken glass, or by the backing up of drains or by glass, water, steam, electricity or oil leaking, escaping or flowing into the Premises. Landlord shall not be liable to Tenant or any other person or entity whomsoever for any loss or damage that may be occasioned by or through the acts or omissions of other tenants of the Shopping Center or of any other person or entities whomsoever, excepting only duly authorized employees and agents of Landlord. With respect to latent or patent defects in the Premises or in the building of which they form a part, a Landlord's liability shall not extend beyond one (1) year from the date of substantial completion of construction of the Premises, whether or not such defects are discovered within such one-year period.

ARTICLE XIV. Damage by Casualty. 14.1 Tenant shall give immediate written notice to Landlord of any damage caused to the Premises by fire or other casualty.

14.2 In the event that the Premises shall be damaged or destroyed by fire or other casualty insurable under standard fire and extended coverage insurance and Landlord does not elect to terminate this Lease as hereinafter provided, Landlord shall proceed with reasonable diligence and at its sole cost and expense to rebuild and rebuild and repair the Premises. If the building in which the Premises are located shall (i) be destroyed or substantially damaged by a casualty not covered by Landlord's insurance; or (ii) be destroyed or rendered untenable to an extent of fifty percent (50%) of the first floor area by a casualty covered by Landlord's insurance; or (iii) be damaged to such extent that the remaining term of this Lease is not sufficient to amortize the cost of reconstruction, then Landlord may elect to either terminate this Lease as hereinafter provide or to proceed to rebuild with reasonable diligence and at it sole cost and expense to rebuild and repair the Premises. Should Landlord elect to terminate this Lease it shall give written notice of such election to Tenant within ninety (90) days after the occurrence of such casualty. If Landlord should not elect to terminate this Lease, Landlord shall proceed with reasonable diligence and at its sole cost and expense to rebuild and repair the Premises. In the event of any damage or destruction to the Premises, Tenant shall, upon notice from Landlord, forthwith remove, at Tenant's sole cost and expense, such portion or all of Tenant's shelves, bins, machinery and other trade fixtures and all other property belonging to Tenant or Tenant's licensees from such portion or all of the Premises as Landlord shall request.

14.3 Landlord's obligation to rebuild and repair under this Article XIV shall in any event be limited to restoring Landlord's Work as described in Exhibit C to substantially the condition in which the same existed prior to the casualty, and all be further limited to the extent of the insurance proceeds available to Landlord for such restoration, and Tenant agrees that promptly after completion of such work by Landlord, it will proceed with reasonable diligence and at its sole cost and expense to rebuild, repair and restore its signs, fixtures and equipment and other items of Tenant's Work as described in Exhibit C.

14.4 Tenant agrees that during any period of reconstruction or repair of the Premises it will continue the operation of its business within the Premises to the extent practicable. During the period from the occurrence of the causality

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until Landlord's repairs are completed, the Minimum Guaranteed Rental shall be reduced to such extent as may be fair and reasonable under the circumstances.

14.5 Notwithstanding anything herein to the contrary, in the event the holder of any indebtedness, secured by a mortgage or deed of trust covering the Premises requires that the insurance proceeds be applied to such indebtedness then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon all rights and obligations hereunder shall cease and terminate.

14.6 Each of Landlord and Tenant hereby releases the other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise from any loss or damage to property. Caused by fire or any other perils insured in policies of insurance covering such property, even if such loss or other perils insured in policies of insurance covering such property, even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible, including any other tenants or occupants of the Shopping Center; provided, however, that this release shall be applicable and in force and effect only to the extent that such release shall be lawful at that time and in any event only with respect to loss or damage occurring during such times as the releasor's policies shall contain a clause or endorsement to the effect that any such release shall not adversely affect or impair said policies or prejudice the right of the releasor to recover thereunder and then only to the extent of the insurance proceeds payable under such policies. Each of Landlord and Tenant agrees that it will request its insurance carriers to include in its policies such a clause or endorsement. If extra cost shall be charged therefore, each party shall advise the other thereof and of the amount of the extra cost, and the other party fails to pay such extra costs, the release provisions of this section shall be inoperative against such other party to the extent necessary to avoid invalidation of such releasor's insurance.

ARTICLE XV. Eminent Domain. 15.1 If more than twenty percent (20%) of the floor area of the Premises should be taken for any public or quasi-public use under any governmental law, ordinance or regulation under any governmental law, ordinance or regulation or by right of eminent domain or by private purchase in lieu thereof this lease shall terminate and the rent shall be abated during the unexpired portion of this Lease, effective on the date physical possession is taken by the condemning authority.

15.2 If less than twenty percent (20%) of the floor area of the Premises should be taken as aforesaid, this Lease shall not terminate; however, the Minimum Guaranteed Rental payable hereunder during the unexpired portion of this Lease shall be reduced in proportion to the area taken, effective on the date physical possession is taken by the condemning authority. Following such partial taking, and receipt of condemnation proceeds. Landlord shall make all necessary repairs or alterations within the scope of Landlord's Work as described in Exhibit C necessary to make the Premises an architectural whole.

15.3 If any part of the Common Area shall be taken as aforesaid, this Lease shall not terminate nor shall the rental payable hereunder be reduced, except that either Landlord or Tenant may terminate this Lease if the area of the Common Area remaining following such taking plus any additional parking area provided by Landlord in reasonable proximity to the shopping center shall be less than seventy percent (70%) of the area of the Common Area immediately prior to the taking. Any election to terminate this Lease in accordance with this provision shall be evidenced by written notice of termination delivered to the other party within thirty (30) days after the date physical possession is taken by the condemning authority.

15.4 All compensation awarded for any taking (or the proceeds of private sale in lieu thereof) of the Premises or Common Area shall be the property of Landlord and Tenant hereby assigns its interest in an such award to Landlord; provided, however, Landlord shall have no interest in any award made to Tenant for loss of business or for the taking of Tenant's fixtures and other property if a separate award for such items is made to Tenant. Tenant shall in no event be entitled to any award for the value of the unexpired term of this Lease.

ARTICLE XVI. Assignment and Subletting. 16.1 Tenant shall not assign or in any manner transfer this Lease or any estate or interest therein, or sublet the Premises or any part thereof, or grant any license,

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concession or other right to occupy any portion of the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld. All cash or other proceeds of any assignment, such proceeds as exceed the rentals called for hereunder in the case of a subletting and all cash or other proceeds of any other transfer of Tenant's interest in this Lease shall be paid to Landlord as received by Tenant, whether such assignment, subletting or other transfer is consented to by Landlord or not, unless Landlord agrees to the contrary in writing, and Tenant hereby assigns all rights it might have or ever acquire in any such proceeds to Landlord. Consent by Landlord to one or more assignments or sublettings shall not operate as a waiver of Landlord's rights as to any subsequent assignments and sublettings. Notwithstanding any assignment or subletting, Tenant and any guarantor of Tenant's obligations under this Lease shall at all times remain fully and primarily responsible and liable for the payment of the rental herein specified and for compliance with all of its other obligations under this Lease. Upon any subletting or assignment by Tenant in accordance with the terms hereof, any renewal options, expansion options, right of first refusal and/or exclusive use provisions shall become null and void.

16.2 Tenant shall give Landlord at least sixty (60) days advance written notice of any proposed assignment or subletting, such notice to be accompanied by a copy of the proposed sublease or assignment. In the event the Landlord does not consent to the assignment or subletting, Landlord shall have the right to terminate this Lease effective as of the proposed effective date of the assignment or subletting by giving Tenant written notice thereof within thirty (30) days after Landlord's receipt of said notice from Tenant. Should Landlord not elect to so terminate this lease in connection with any proposed subletting or assignment, Landlord shall continue to have the right to disapprove same.

16.3 Tenant shall not mortgage, pledge or otherwise encumber its interest in this Lease or in the Premises.

16.4 In the event of the transfer and assignment by Landlord of its interest in this Lease and in the building containing the Premises to a person expressly assuming Landlord's obligations under this Lease, Landlord shall hereby be released from any further obligations hereunder, and Tenant agrees to look solely to such successor in interest of the Landlord for performance of such obligations. Any security given by Tenant to secure performance of Tenant's obligations hereunder, may be assigned and transferred by Landlord to such successor in interest, and Landlord shall thereby be discharged of any further obligation relating thereto.

ARTICLE XVII. Property Taxes. 17.1 Tenant shall be liable for all taxes levied against personal property and trade fixtures placed by tenant in the Premises. If any such taxes are levied against Landlord or Landlord's property and if Landlord elects to pay the same or if the assessed value of Landlord's property is increased by inclusion of personal and trade fixtures placed by Tenant in the Premises and Landlord elects to pay the taxes based on such increase, Tenant shall pay to Landlord upon demand that part of such taxes for which Tenant is primarily liable hereunder.

17.2 Tenant agrees to pay its proportionate share of all taxes, assessments and governmental charges of any kind and nature whatsoever levied or assessed against the Shopping Center, any other charges, taxes and/or impositions now in existence or hereafter imposed by any governmental authority based upon the privilege of renting the Premises or upon the amount of rent collected therefore and any tax, fee, levy, assessment or charge which is imposed as the result of a transfer, either partial or total, of Landlord's interest in the Premises or which is added to a tax or charge hereinbefore included within the definition of real property tax by reason of such transfer (all of the foregoing being hereinafter referred to as the "Taxes"). During each month of the term of this Lease, Tenant shall make a monthly escrow deposit with Landlord equal to 1/12 of its proportionate share of the Taxes on the Shopping Center which will be due and payable for that particular year. Tenant authorizes Landlord to use the funds deposited with Landlord under this Section 17.2 to pay the Taxes levied or assessed against the Shopping Center. Each Tax Escrow Payment shall be due and payable at the same time and in the same manner as the time and manner of the payment of Minimum Guaranteed Rental as provided herein. The amount of the initial monthly Tax Escrow Payment will be that amount set out in Section 1.1(n) above. The initial monthly Tax Escrow Payment is based upon Tenant's proportionate share of the estimated taxes on the Shopping Center for the year in question, and the monthly Tax Escrow Payment is subject to increase or decrease as determined by Landlord to share of the Taxes.

Tenant _____

The Tax Escrow Payment account of Tenant shall be reconciled annually. If the Tenant's total Tax Escrow Payments are less than Tenant's actual pro rata share of the Taxes on the Shopping Center, Tenant shall pay to Landlord upon demand the difference; if the total Tax Escrow Payments of Tenant are more than Tenant's actual pro rata share of the Taxes on the Shopping Center, Landlord shall retain such excess and credit it to Tenant's Tax Escrow Payment account. Tenant's proportionate share of the Taxes on the Shopping Center shall be computed by multiplying the Taxes by a fraction, the numerator of which shall be the number of square feet of floor space in the Premises and the denominator of which shall be the number of square feet of all store in the Shopping Center that are leasable on January 1, of the applicable year.

17.3 The Landlord shall have the right to employ a tax consulting firm to attempt to assure a fair Tax burden on the Shopping Center.

17.4 Tenant may, alone or along with any other tenants of said building, at its or their sole cost and expense, in its or their own name(s) dispute and contest and Taxes by appropriate proceedings diligently conducted in good faith, but only after Tenant and all other tenants, if any, joining with Tenant in such contest have deposited with Landlord the amount so contested and unpaid, or their proportionate shares thereof as the case may be, which shall be held by Landlord without obligation for interest until the termination of the proceedings, at which the amount(s) deposited shall be applied by Landlord toward the payment of the items held valid (plus any court costs, interest, penalties and other liabilities associated with the proceedings), and Tenant's share of any excess shall be returned to Tenant. Tenant further agrees to pay to Landlord upon demand Tenant's share (as among all tenants who participate in the contest) of all court costs, interest, penalties and other liabilities relating to such proceedings. Tenant hereby indemnifies and agrees to hold Landlord harmless from and against any cost, damage or expense (including attorneys' fees) in connection with any such proceedings.

17.5 Any payment to be made pursuant to this Article XVII with respect to the real estate tax year in which this Lease commences or terminates shall bear the same ratio to the payment which would be required to be made for the full tax year as that part of such tax year covered by the term of this Lease bears to a full tax year.

ARTICLE XVIII. Default by Tenant and Remedies.

18.1 The following events shall be deemed to be events of default by Tenant under this Lease:

- 1.) Tenant shall fail to pay an installment of rental or any other amount payable to Landlord as herein provided and such failure shall continue for a period of ten (10) days.
- 2.) Tenant shall fail to comply with any term, provisions or covenant of this Lease, other than the payment of rental of any other amount payable to Landlord and shall not cure such failure within ten (10) days after written notice thereof to Tenant.
- 3.) Tenant or any guarantor of Tenant's obligations under this Lease shall become insolvent, or shall make a transfer in fraud of creditors, or shall make an assignment for the benefit of creditors.
- 4.) Tenant or any guarantor of Tenant's obligations under this Lease shall file a petition under any section or chapter of the National Bankruptcy Act, as amended, or under any similar law or statute of the United States or any State thereof; or Tenant or any guarantor of Tenant's obligations under this Lease shall be adjudged bankrupt or insolvent in proceedings filed against Tenant or any guarantor of Tenant's obligations under this Lease shall be adjudged bankrupt or insolvent in proceedings filed against Tenant or any guarantor of Tenant's obligations under this Lease.
- 5.) A receiver or Trustee shall be appointed for all Premises or for all or substantially all of the assets of Tenant or any guarantor of Tenant's obligations under this Lease,
- 6.) Tenant shall desert or vacate any portion of the Premises.
- 7.) Tenant shall do or permit to be done anything which creates a lien upon the Premises.
- 8.) The business operated by Tenant shall be closed for failure to pay any State sales tax as required or for any other reason.

Upon the occurrence of any such event of default, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

Tenant _____

- A. Terminate this Lease in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which Landlord may have for possession or arrearages in rental, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying said premises or any part thereof, by force if necessary, without being liable for prosecution or any claim of damages thereof.
- B. Enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying said premises or any part thereof, by force if necessary, without being liable for prosecution or any claim for damages therefore with or without having terminated the Lease.
- C. Do whatever Tenant is obligated to do under the terms of this Lease (and enter upon the Premises in connection therewith if necessary) without being liable for prosecution or any claim for damages therefore, and Tenant agrees to reimburse Landlord on demand for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, and Tenant further agrees that Landlord shall not be liable for any damages resulting to the Tenant from such action.
- D. Alter all locks and other security devices at the Premises without terminating this Lease.

18.2 Exercise by Landlord of any one or more remedies hereunder granted or otherwise available shall not be deemed to be an acceptance of surrender of the Premises by Tenant, whether by agreement or by operation of law, it being understood that such surrender can be effected only by the written agreement of Landlord and Tenant. No such alteration of locks or other security devices and no removal or other exercise of dominion by Landlord over the property of Tenant or others at the Premises shall be deemed unauthorized or constitute a conversion, Tenant hereby consenting, after any event of default, to the aforesaid exercise of dominion over Tenant's property within the Premises. All claims for damages by reason of such re-entry and/or repossession and/or alteration of locks or other security devices are hereby waived, as are all claims for damages by reason of any distress warrant, forcible detainer proceedings sequestration proceedings or other legal process. Tenant agrees that any re-entry by Landlord may be pursuant to judgement obtained in forcible detainer proceedings or other legal proceedings or without the necessity for any legal proceedings, as Landlord may elect, and Landlord shall not be liable in trespass or otherwise.

18.3 In the event Landlord elects to terminate the Lease by reason of an event of default, then notwithstanding such termination, Tenant shall be liable for and shall pay to Landlord at the address specified for notice to Landlord herein the sum of all rental and other amounts payable to Landlord pursuant to the terms of this Lease which have accrued to date of such termination, plus, as damages, an amount equal to the total rental (Minimum Guaranteed plus Tenant's Common Area Maintenance Charge, Insurance Escrow Payment and Tax Escrow Payment hereunder for the remaining portion of the Lease Term (had such term not been terminated by Landlord prior to the date of expiration stated in Article 1).

18.4 In the event that Landlord elects to repossess the Premises without terminating the Lease, then Tenant shall be liable for and shall pay to Landlord at the address specified for notice to Landlord herein all rental and other amounts payable to Landlord pursuant to the terms of this Lease which have accrued to the date of such repossession, plus total rental (Minimum Guaranteed plus Tenant's Common Area Maintenance Charge, Insurance Escrow Payment and Tax Escrow Payment required to be paid by Tenant to Landlord during the remainder of the Lease Term until the date of expiration of the term as stated in Article 1, diminished by any net sums thereafter received by Landlord through reletting the Premises during said period (after deducting expenses incurred by Landlord as provided in Section 18.5 hereof). In no event shall Tenant be entitled to any excess of any rental obtained by reletting over and above the rental herein reserved. Actions to collect amounts due by Tenant to Landlord as provided in this Section 19.4 may be brought from time to time, on one or more occasions, without the necessity of Landlord's waiting until expiration of the Lease Term.

18.5 Landlord may, but need not, relet the Premises or any part thereof for such rent and upon such terms as Landlord, in its sole discretion, shall determine (including the right to relet the Premises for a greater or lesser term than that remaining under this Lease, the right to relet the Premises as a part of a larger area, and the right to change the character or use of the Premises). If Landlord elects to relet the Premises, it shall only be required to use the same efforts it then uses to lease other space or properties which it owns or manages, provided, however that Landlord may be leasing or have available and may place a suitable prospective tenant in any such available space regardless of when such alternative space becomes available, provided, further, the Landlord shall not be required to observe any instruction given by Tenant about such reletting or accept any tenant offered by Tenant unless such offered tenant has a creditworthiness acceptable to Landlord, leases the entire Premises, agrees to use the Premises in a manner consistent with the Lease and leases the Premises at the same rent, for no more than the current term and on the same terms and conditions as in this Lease without any expenditure by Landlord for tenant improvements or broker's commissions. In any such case, Landlord may, but shall not be required to, make repairs, alterations and additions in or to the Premises and redecorate the same to the extent Landlord deems necessary or desirable.

Tenant _____

18.6 In the event Tenant is comprised of more than one person and/or entity, all such persons and/or entities shall be jointly and severally liable for all of the obligations and liabilities of Tenant under this Lease.

18.7 Upon receipt from Tenant of the sum stated in Section 1.1(o) above, such sum shall be held by Landlord without interest as security for the performance by Tenant of Tenant's covenants and obligations under this Lease, it being expressly understood that such deposit is not an advance payment of rental or a measure of Landlord's damages in case of default by Tenant. If at any time during the term of this Lease any of the rental herein reserved shall be overdue and unpaid, or any other sum payable by Tenant to Landlord hereunder shall be overdue and unpaid then Landlord may at its option apply any portion of said deposit to the payment of any such overdue rental or other sum. In the event of the failure of Tenant to keep and perform any of the other terms, covenants and conditions of this Lease to be kept and performed by Tenant, then the Landlord at its option may apply the security deposit, or so much thereof as may be necessary, to compensate the Landlord for loss, cost or damage sustained, incurred or suffered by Landlord due to such breach on the part of tenant. Should the security deposit, or any portion thereof be applied by Landlord as herein provided, Tenant shall, upon written demand of Landlord, remit to Landlord a sufficient amount in cash to restore the security deposit to the original sum deposited, and tenant's failure to do so within five days after receipt of such demand shall constitute a default under this Lease. Any remaining balance of such deposit shall be returned by Landlord to Tenant at such time after termination of this Lease that all tenant's obligations under this Lease have been fulfilled.

18.8 In the event of any default by Landlord, Tenant will give Landlord written notice specifying such default with particularity, and Landlord shall thereupon have thirty (30) days (or such longer period as may be required in the exercise of due diligence) in which to cure any such default. Unless and until Landlord fails to so cure any default after such notice, Tenant shall not have any remedy or cause of action by reason thereof. All obligations of Landlord hereunder will be construed as covenants, not conditions. The term "Landlord" shall mean only the owner, for the time being, of the Shopping Center, and in the event of the transfer by such owner of its interest in the Shopping Center, and in the event of the transfer by such owner of its interest in the Shopping Center, such owner shall thereupon be released and discharged from all covenants and obligations of the Landlord thereafter accruing, but such covenants and obligations shall be binding during the Lease Term upon each new owner for the duration of such owner's ownership. Notwithstanding any other provisions hereof, in the event of any breach or default by Landlord in any term or provision of this Lease, Tenant agrees to look solely to the equity or interest then owner by Landlord in the land and improvements which constitute the Shopping Center, however, in no event shall any deficiency judgment or any money judgment of any kind be sought or obtained against Landlord.

18.9 In the event that Landlord shall have taken possession of the Premises pursuant to the authority herein granted, then Landlord shall have the right to keep in place and use all of the furniture, fixtures and equipment at the Premises, including that which is owned by or leased to Tenant at all times prior to any foreclosure thereon by Landlord or repossession thereof by any lessor thereof or third party having a lien thereon. Landlord shall also have the right to remove from the Premises (without the necessity of obtaining a distress warrant, writ of sequestration or other legal process and without being liable for prosecution or any claim for damages therefore) all or any portion of such furniture, fixtures, equipment and other property located thereon and place same in storage at any place within the County in which the Premises is located; and in such event, Tenant shall be liable to Landlord for costs incurred by Landlord in connection with such removal and storage and shall indemnify and hold Landlord harmless from all loss, damage, cost, expense and liability in connection with such removal and storage. Landlord shall also have the right to relinquish possession of all or any portion of such furniture, fixtures, equipment and other property to any person ("Claimant") claiming to be entitled to possession thereof who presents to Landlord a copy of any instrument represented to Landlord by Claimant to have been executed by Tenant (or any predecessor of Tenant) granting Claimant the right under various circumstances to take possession of such furniture, fixtures, equipment or other property, without the necessity on the part of Landlord to inquire into the authenticity of said instrument and without the necessity of Landlord's making any nature of investigation or inquiry as to the validity of the factual or legal basis upon which Claimant purports to act and Tenant agrees to indemnify and hold Landlord harmless from all cost, expense, loss, damage and liability incident to Landlord's relinquishment of possession of all or any portion of such furniture, fixtures, equipment or other property to Claimant.

18.10 The rights and remedies of Landlord herein stated shall be in addition to any and all other rights and remedies which Landlord has or may hereafter have at law or in equity; and Tenant stipulated and agrees that the rights herein granted Landlord are commercially reasonable.

ARTICLE XIX. Mechanics' Liens. 19.1 Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord or Tenant in the Premises or to charge the rentals payable hereunder for any claim in favor of any person

Tenant _____

dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs. Tenant covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the Premises on which any lien is or can be validly and legally asserted against its leasehold interest in the Premises or the improvements thereon and that it will save and hold Landlord harmless from any and all loss, cost or expense based on or arising out of asserted claims or liens against the leasehold estate or against the right, title and interest of the Landlord in the Premises or under the terms of this Lease, and shall discharge any such lien at Tenant's expense and Landlord's cost thereof, plus interest thereon at the lesser of the highest rate permitted by law or eighteen percent (18%) per annum, shall be reimbursed by Tenant upon demand as additional rental hereunder.

ARTICLE XX. Holding Over. 20.1 In the event Tenant remains in possession of the Premises after the expiration of this Lease with Landlord's written consent but without the execution of a new lease, it shall be deemed to be occupying said premises as a tenant from month to month at a rental equal to the rental (Minimum Guaranteed Rental) herein provided times 1.25 and otherwise subject to all the conditions provisions and obligations of this Lease insofar as the same are applicable to a month to month tenancy. The foregoing shall not constitute Landlord's consent for Tenant to holdover. In the event Tenant remains in possession of the Premises after the expiration of this Lease without Landlord's consent, Tenant shall also pay to Landlord all expiration of this Lease without Landlord's consent, Tenant shall also pay to Landlord all damages sustained by Landlord resulting from retention of possession by Tenant, including without limitation the loss of any proposed subsequent tenant for any portion of the Premises.

ARTICLE XXI. Subordination. 21.1 Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter created upon the Premises or the Shopping Center, and to any renewals and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease. Landlord is hereby irrevocably vested with full power and authority to subordinate this lease to any mortgage, deed of trust or other lien hereafter placed upon the Premises or the Shopping Center, and Tenant agrees upon demand to execute such further instruments subordinating this Lease as Landlord may request, and, upon any failure of Tenant to do so, without limitation of Landlord's remedies, Landlord shall have the right to execute same as attorney-in-face for Tenant.

ARTICLE XXII. Merchant's Association. 22.1 In the event that Landlord shall organize a merchants association and/or marketing fund composed of tenants in the Shopping Center, Tenant agrees that it will join, actively participate and maintain current membership in such association, will pay such dues and assessments as may be fixed and determined from time to time by the association and will comply with such group advertising, reasonable bylaws, rules and regulations as may be adopted from time to time by the association.

ARTICLE XXIII. Notices. 23.1 Wherever any notice is required or permitted hereunder such notice shall be in writing. Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered whether actually received or not when deposited in the United States mail, postage prepaid, Certified or Registered Mail, Return Receipt Requested, addressed to the parties hereto at the respective addresses set out in Section 1.1 above, or at such other addresses as they may have hereafter specified by Written Notice.

23.2 If any when included within the term "Landlord" as used in this instrument there are more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of such notice specifying some individual at some specific address for the receipt of notices and payments to Landlord; if and when included within the term "Tenant" as used in this instrument there are more than one person, firm or corporation, all shall jointly arrange among themselves for their joint execution of such a notice specifying some individual at some specific address for the receipt of notices and payments to Tenant. All parties included within the terms "Landlord" and "Tenant", respectively, shall be bound by notices and payments to Tenant. All parties included within the terms "Landlord" and "Tenant", respectively, shall be bound by notices and payments given in accordance with the provisions of this Article to the same effect as if each had received such notice or payment.

ARTICLE XXIV. Late Charges. 24.1 In the event Tenant fails to pay to Landlord when due any installment of rental or other sum to be paid to Landlord which may become due hereunder, Landlord will incur additional expenses in an amount not readily ascertainable and which has not been elsewhere provided for between Landlord and Tenant. If Tenant should fail to pay to Landlord when due any installment of rental or other sum to be paid hereunder, Tenant will pay Landlord when due any installment of rental or other sum to be paid hereunder, Tenant will pay Landlord on demand a late charge equal to the greater of (i) \$100.00 or (ii) ten percent (10%) of the past due amount. Failure to pay such late charge upon demand therefore shall be an event of default hereunder. Provisions for such late charge shall be in addition to all other rights and remedies available to Landlord hereunder or at law or in equity and shall not be construed as liquidated damages or limiting Landlord's remedies in any manner.

Tenant _____

ARTICLE XXV. Miscellaneous. 25.1 Nothing herein contained shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between parties hereof, it being understood and agreed that neither the method of computation of rental, nor any other provisions contained herein, nor any acts of the parties hereto shall be deemed to create any relationship between the parties hereto other than the relationship of Landlord and Tenant. Whenever herein the singular number is used, the same shall include the plural, and words of any gender shall include each other gender.

25.2 The captions used herein are for convenience only and do not limit or amplify the provisions hereof.

25.3 Time is of the essence with respect to all provisions of this Lease, except that whenever a period of time herein prescribed for action to be taken by Landlord, Landlord shall not be liable or responsible for and there shall be excluded from the computation of any such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions or any other cause of any kind whatsoever which are beyond the reasonable control of Landlord. At any time when there is outstanding a mortgage, deed of trust or similar security instrument covering Landlord's interest in the Premises, Tenant may not exercise any remedies for default by Landlord hereunder unless and until the holder of the indebtedness secured by such mortgage, deed of trust or similar security instrument shall have received written notice of such default and a reasonable time for curing such default shall thereafter have elapsed.

25.4 Landlord agrees that if Tenant shall perform all of the covenants and agreements, herein required to be performed by Tenant, Tenant shall, subject to the terms of this Lease, at all times during the continuance of this Lease have the peaceable and quiet enjoyment and possession of the Premises.

25.5 This Lease contains the entire agreement between the parties, and no agreement shall be effective to change, modify or terminate this Lease in whole or in part unless such agreement is in writing and duly signed by the party against whom enforcement of such change, modification or termination is sought.

25.6 Tenant warrants that it has had no dealing with any broker or agent in connection with the negotiation or execution of this Lease other than Premier Real Estate. Tenant agree to indemnify and hold Landlord harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction.

25.7 Tenant agrees to furnish from time to time when requested by Landlord, the holder of any deed of trust or mortgage or the lessor under any ground lease covering all or any part of the Shopping Center or the improvements therein or the Premises or any interest of Landlord therein, a certificate signed by Tenant confirming and containing such factual certifications and representations deemed appropriate by Landlord, the holder of any deed of trust or mortgage or the lessor under any ground lease covering all or any part of the Shopping Center or the improvements therein or the Premises or any interest of Landlord therein, and Tenant shall, within ten (10) days following receipt of said certificate from Landlord, return a fully executed copy thereof to Landlord. In the event Tenant shall fail to return a fully executed copy of such certificate to Landlord within the foregoing ten-day period, then Tenant shall be deemed to have approved and confirmed all of the terms, certifications and representations contained in such certificate. Tenant hereby irrevocably appoints Landlord as attorney-in-fact for the Tenant with full power and authority to execute and deliver in the name of Tenant such certificate if Tenant fails to deliver the same with such ten (10) day period and such certificate as signed by Landlord shall be fully binding on Tenant.

25.8 The laws of the State in which the Premises is located shall govern the interpretation, validity, performance and enforcement of this Lease. If any provision of this Lease should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

25.9 The terms, provisions and covenants contained in this Lease shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors in interest and legal representatives except as otherwise herein expressly provided.

25.10 The person(s) executing this Lease on behalf of Tenant hereby represent and warrant to Landlord that such execution has been duly authorized by all requisite action of Tenant so that upon such execution this Lease will be

Tenant _____

binding upon and enforceable against Tenant in accordance with its terms. Tenant agrees to furnish to Landlord from time to time upon request such written proof of such authorization as Landlord may reasonably request.

ARTICLE XXVI. Landlord's Lien. Landlord shall have and Tenant hereby grants to Landlord a continuing security interest for all rentals and other sums of money becoming due hereunder from Tenant, upon all goods, wares, equipment, fixtures, furniture, inventory, accounts, contract rights, chattel paper and other personal property of Tenant situated on the Premises, and such property shall not be removed therefrom without the consent of Landlord until all arrearages in rent as well as any and all other sums of money then due to Landlord hereunder shall first have been paid and discharged. Products of collateral are also covered. In the event of a default under this Lease, Landlord shall have, in addition to any other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including without limitation the right to sell the property described in this paragraph at public or private sale upon five (5) days notice to Tenant. Tenant hereby agrees to execute such other instruments necessary or desirable in Landlord's discretion to perfect the security interest hereby created. Any statutory lien for rent is not hereby waived, the express contractual lien herein granted being in addition and supplementary hereto. Landlord and Tenant agree that this Lease and security agreement serves as a financing statement and that a copy or photographic or other reproduction of this portion of this Lease may be filed of record by Landlord and have the same force and effect as the original. This security agreement and financing statement also covers fixtures located at the Premises described in Exhibit A attached hereto, and may be filed for record in the real estate records. Tenant warrants that the collateral subject to the security interest granted herein is not purchased or used by Tenant for personal, family or household purposes.

Tenant _____

EXECUTED BY LANDLORD, this _____ day of _____, 20____.

LANDLORD:

By: _____

Its: _____

EXECUTED BY TENANT, this _____ day of _____, 20____.

TENANT:

By: _____

Its: _____

This Lease is subject to approval by the Kannapolis City Council, its City Manager, or its designee.

Tenant _____

ADDENDUM A
HAZARDOUS MATERIALS

1. As used in this Rider, the term "Hazardous Materials" shall mean any element, compound, mixture, solution, particle or substance which is dangerous or harmful or potentially dangerous or harmful to the health or welfare of life or environment, including but not limited to explosives, petroleum, petroleum products, radioactive materials, hazardous wastes, hazardous substances, toxic substances or related materials, including, without limitation: (1) any substances defined as or included within the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "toxic substances," "hazardous pollutants" or "toxic pollutants," or other similar terms, as those terms are used in the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Hazardous Materials Transportation Act, the Toxic Substances Control Act, the Clean Air Act and the Clean Water Act, or any amendments thereto, or any regulations promulgated thereunder, and any other law or regulation promulgated by any federal, municipal, state, county or other governmental or quasi governmental authority and/or agency or department thereof; (2) any "PCBs" or "PCB items" (as defined in 40 C.F.R. 4 761.3); or (3) any "asbestos" (as defined in 40 C.F.R. 4 763.63).
2. Tenant shall not use, generate, manufacture, produce, store, release, discharge or dispose of on, in, or under the demised Premises any Hazardous Materials (as defined in subparagraph 1 above), or allow any other person or entity to do so.
3. Tenant shall comply with all local, state and federal laws, ordinances and regulations relating to Hazardous Materials on, in, under or about the demised Premises.
4. Tenant shall promptly notify Landlord should Tenant receive notice of, or otherwise become aware of, any: (a) pending or threatened environmental regulatory action against Tenant or the Landlord or concerning the demised Premises in any way; (b) claims made or threatened by any third party relating to any loss or injury resulting from any Hazardous Material concerning the [refer to premises however described in lease] in any way; or (c) release or discharge, or threatened release or discharge, of any Hazardous Materials in, on, under or about the demised Premises.
5. Tenant agrees to indemnify, defend and hold Landlord, any property manager, and their respective agents and employees harmless from and against any and all liabilities, claims, demands, costs and expenses of every kind and nature (including attorneys' fees) directly or indirectly attributable to Tenant's failure to comply with this Rider, including, without limitation: (a) all consequential damages; (b) the costs of any required or necessary repair, remediation, testing, monitoring, cleanup or detoxification of any property, and (c) the preparation and implementation of any closure, remedial or other required plan. The indemnity contained in this Rider shall survive the termination or expiration of this Lease.

Tenant _____

ADDENDUM B

ADDITIONAL LEASE PROVISIONS

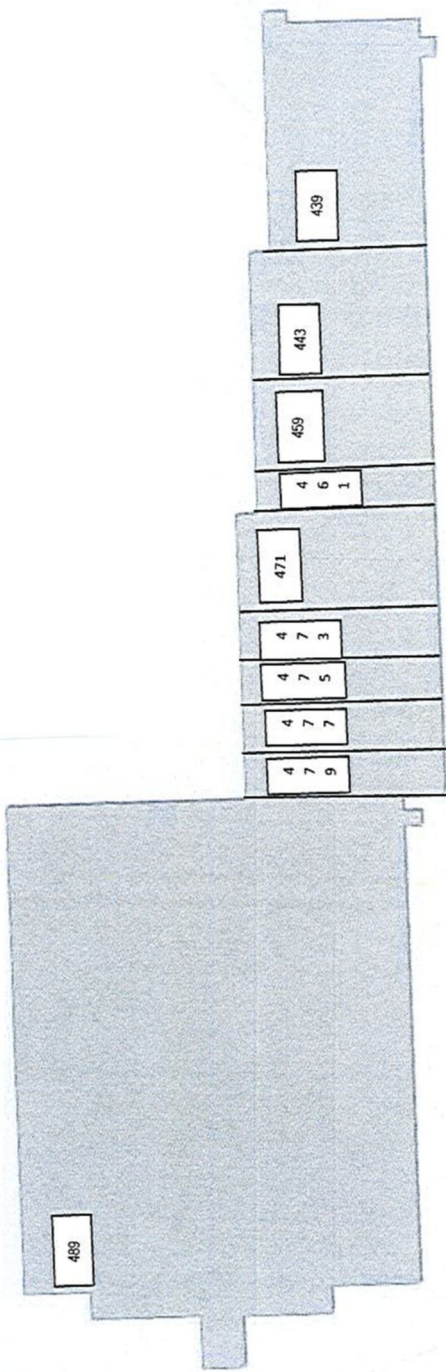
Notwithstanding anything contained herein to the contrary,

1. Landlord shall notify, in writing Signarama, Attn: Legal Department, 2121 Vista Parkway, West Palm Beach, FL, 33411, of any default under any of the terms of the Lease within 30 days after Landlord becomes aware of such default.
2. In the event of a sale of the Premises or the Premises acquired by another party pursuant to a foreclosure of a power of sale proceeding and provided that Tenant is not in default under the lease, the purchaser shall not disturb Tenant in the quiet enjoyment of the Premises and the lease shall continue in full force and effect.

Tenant _____

EXHIBIT A

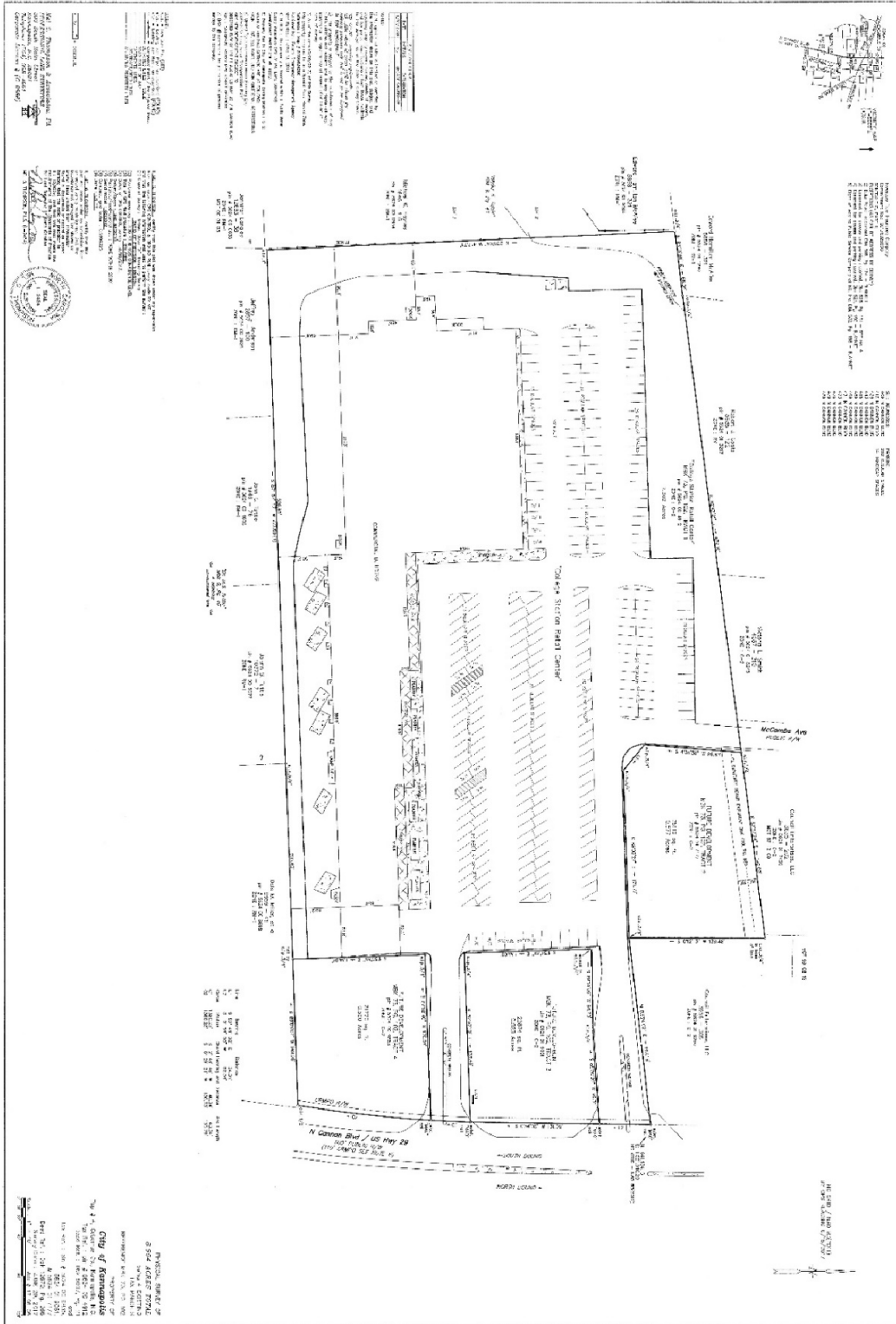
Shopping Center Site Plan Showing Premises



Tenant _____

EXHIBIT B: Legal Description

Plat Book 102, Page 17



Tenant _____

EXHIBIT C

Description of Tenant's Work

1. Tenant hereby accepts the Premises in as-is condition, and for any alterations submit approved plans and specification for all necessary building permits and to proceed diligently to finish Tenant's Work in a good and workmanlike manner.
2. Tenant shall apply for separate metering of applicable utilities in Tenant's own name and shall be responsible for all deposits.
3. Tenant shall apply for a Certificate of Occupancy (or equivalent document as may be issued by City or County) and shall deliver a copy of such to Landlord prior to the Commencement Date of Lease.
4. If Tenant desires to alter the interior of the Premises, Tenant shall supply Landlord with plans and specifications at Tenant's expense within thirty (30) days following execution of the Lease. Tenant's Work shall be subject to Landlord's approval and acceptance which shall not be unreasonably withheld or delayed. Landlord's approval will be deemed granted unless Tenant is notified otherwise, within five (5) business days following receipt of said plans and specifications.
5. All salvage carpeting, light fixtures, doors, closure devices, HVAC, leasehold improvements, etc. shall remain the property of Landlord at Landlord's option.
6. Tenant shall supply proof of insurance and executed lien waivers to Landlord prior to assuming occupancy of the Premises.
7. As a condition to any work that Tenant does in the Premises, Tenant must first receive from Landlord:
 - a. Approval of plans and specifications furnished by Tenant to Landlord within thirty (30) days following execution of the Lease;
 - b. Approval by Landlord of all Tenant's Work;
 - c. Receipt by Landlord from Tenant of a Certificate of Occupancy issued by the City or other municipal or governmental agency authorized to issue such Certificate for the Premises;
 - d. Receipt by Landlord from Tenant a release and waiver of liens, holding Landlord harmless from any obligation whatsoever which may be or may have been incurred by Tenant, or Tenant's contractors or subcontractors, during Tenant's Work within the Premises.
 - e. Fully executed Estoppel Certificate.

Tenant _____

EXHIBIT D

Rules and Regulations to Use of the Common Area

The use of the Common Area by Tenant and Tenant's agents, employees, servants, visitors and invitees shall be subject to the following rules and regulations:

1. Landlord shall have the right and authority to designate specific areas within the Shopping Center or in reasonable proximity thereto in which automobiles and other transportation vehicles owned by Tenant, Tenant's employees, servants, agents, licensees and concessionaires shall be parked. Tenant shall furnish to Landlord upon request a complete list of all license numbers of all automobiles and other transportation vehicles operated by Tenant, Tenant's employees, servants, agents, licensees or concessionaires.
2. All loading and unloading of goods shall be done only at such times, in the area and through the entrances as shall as designated from time to time for such purposes by Landlord.
3. The delivery or shipping of merchandise, supplies and fixtures to and from the Premises shall be subject to such rules and regulation as in the sole discretion of Landlord shall be necessary for the proper operation of the Shopping Center.
4. No person shall use any utility area, truck facility or other area reserved for use in connection with the conduct of business except for the specific purpose for which such area is designed.
5. Except as permitted in a Tenant's lease of the Premises or except as permitted by Landlord's prior written consent, no person shall within the Common Area:
 - a. Vend, peddle or solicit orders for sale or distribution of any merchandise, device, service, periodical, book, pamphlet or other matter whatsoever;
 - b. Exhibit any sign, placard, banner, notice or other written material;
 - c. Distribute any circular, booklet, handbill, placard or other materials;
 - d. Solicit membership in any organization, group or association or contribution for any purpose
 - e. Parade, patrol, picket, demonstrate or engage in any conduct that might tend to interfere with or impede the use of the Common Area by Landlord or any occupant or any employee, or invitee of any occupant of the Shopping Center, create a disturbance, attract attention or harass, annoy, disparage or be detrimental to the interests of any business establishments within the Shopping Center;
 - f. Use the Common Area for any purpose when none of the business establishment within the Shopping Center is open for business or employment
 - g. Throw, discard or deposit any paper, glass or extraneous matter of any kind, except in designated receptacles, or create litter or hazards of any kind (Tenant agrees to crush boxes and deposit in trash container);
 - h. Deface, damage or demolish any sign, light standard or fixture, landscaping material or other improvements within, or property situated within the Common Area of the Shopping Center, and;
 - i. Solicit any other business or display any merchandise.
6. The Common Area plumbing facilities shall not be used for any purpose other than that for which they are constructed, and no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from a violation of this provision shall be borne by Tenant, who shall, or whose employees, agent or invitees shall have caused it.
7. All floor area, including vestibules, entrances and exits, doors, fixtures, windows and plate glass shall be maintained in a safe neat, and clean condition.
8. No portion of this Common Area or the Shopping Center shall be used for any lodging or illegal purposes.
9. The sidewalks, halls, passages, exits, entrances, elevators, shopping malls, escalators and stairways of the Common Area or the Shopping Center shall not be obstructed by any Tenant or used by and Tenant for any purpose other than for ingress and to egress from their respective Premises. The halls, passages, exits, entrances, elevators, shopping malls escalators, stairways are not for the use of the general public and Landlord shall at all cases retain the right to control and prevent access thereto of all persons whose presence in the judgement of Landlord shall be prejudicial to the safety, character, reputation and interest of the Shopping Center and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom any Tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no employee or invitee of any Tenant shall go upon the roof or any building in the Shopping Center except for the sole purpose of servicing its air conditioning units or rooftop equipment.
10. In the case of any invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's sole discretion, Landlord reserves the right to prevent access to the Common Area and Shopping

Tenant _____

Center during the continuance of the same by such action as Landlord may deem appropriate, including closing entrances to the Shopping Center and Common Area.

11. No Tenant shall place or permit any radio or television antenna, loudspeaker, amplifier or other device in the Common Area or were the same can be seen or heard in the Common Area without the prior written consent of Landlord.
12. No person shall use any part of Common Area for any purpose other than those for which the Common Area is intended.
13. No part of the Common Area shall be used for storing or maintaining any material or property, whether on a temporary basis or otherwise.
14. Any repairs, maintenance or replacements to the Common Area required to be made by Landlord which are occasioned by the act or negligence of any Tenant, its agents, employees, sub-tenants, licensees and concessionaires, shall be paid for by such Tenant upon demand to the extent not covered by insurance proceeds paid to Landlord therefore.
15. No Tenant shall make any alteration, addition or improvement to or remove any portion of the Common Area, and no Tenant shall make any changes to or paid any portion of the Common Area, or install any lighting decorations or paintings in or to the Common Area, or erect or install any signs, banners, placards, decorations or advertising media or any type in the Common Area
16. Landlord may waive any one of more of these rules and regulations for the benefit of any particular tenant or lessee, but no such waiver by Landlord shall be construed as a waiver of such rules and regulations in favor of any other tenant or lessee, no prevent Landlord from thereafter enforcing any such rules and regulations against any or all of the tenants of the Shopping Center.

Landlord shall at all times have the right to change these rules and regulations or to promulgate other rules and regulations in such manner as may be deemed advisable for safety, care, or cleanliness of the Shopping Center, for preservation of good order therein, or for other purposes, all of which rules and regulations, changes and amendments shall be carried out and observed by Tenant. Tenant shall further be responsible for the compliance with these rules and regulations by the employees, servants, agents, visitors and invitees of Tenant. In the event any provisions of these rules and regulations shall conflict with any specific provisions of the Lease Agreement to which this Exhibit D is attached, the provisions of the Lease Agreement shall control.

Tenant _____

EXHIBIT E

Cost of Operation and Maintenance of the Common Area

The cost of operation and maintenance of the Common Area shall include by shall not be limited to, all cost and expenses incurred by Landlord in operating, maintaining, repairing, lighting, signing, cleaning, painting, stripping, insuring, equipping, staffing, heating and cooling, securing, and policing of the Common Area, including, among other costs, all costs and expenses for or associated with the following (which may be incurred by landlord in its sole discretion):

1. Alarm systems, alarm services, security personnel, security services, patrol services and fire protection;
2. Maintenance of sprinkler systems (both fire and irrigation) serving the Shopping Center and/or Common Area;
3. Insurance, including, without limitation, liability insurance for personal injury, death and property damage, insurance against fire, extended coverage, theft or other casualties, fidelity bonds for personnel, insurance against liability for assault and battery, defamation and claims of false arrest and plate glass insurance;
4. Regulation or direction of traffic;
5. Repair or replacement, cleaning, sweeping painting, striping and repaving of asphalt parking areas, concrete parking areas, all parking garage areas, curbs, walkways, pipe bollards, guardrails, bumpers, fences, screens, flagpoles, bicycle racks, signs and other markers, landscaping, drainage pipes, ducts, conduits and similar items and lighting facilities;
6. Planting, replanting and replacing flowers, trees, shrubbery, planters and other landscaping items and materials;
7. Any surcharges levied upon or assessed against parking spaces or areas payments toward mass transit or carpooling facilities or otherwise as required by federal, state or local governmental authorities;
8. Maintenance, repair and replacement of utility systems serving the Common Area, including, but not limited to, water, sanitary sewer and storm water lines and drainage systems, electrical, gas, telephone and lighting systems (including bulbs, poles and fixtures) and other utility lines, pipes and conduits, including utility charges in connection with any of the foregoing systems;
9. Maintaining and operating sewage treatment facilities, if any;
10. Maintenance, repair, replacement and substitution of and for all portions of the buildings in the Shopping Center (excluding the premises and premises (eased to other tenants), including walls, roofs and roof flashings, canopies, skylights, signs, planters, benches, fire exits, doors and hardware, window, glass and glazing;
11. All licenses and permit fees and surcharges that may result from any law, rule regulation, guideline or order;
12. Lighting and power to the Common Area;
13. Energy to heat, ventilate and air condition areas in which the Common Area is located;
14. Water services, if any, furnished by Landlord for the non-exclusive use of all tenants and their guests and invitees;
15. Operating and maintaining any public toilets and restrooms;
16. Removal of snow, ice, trash and debris;
17. Maintaining federal, state or local governmental ambient air and environmental standards;
18. Installing, renting, maintaining and operating signs of all types;
19. The installation, rental, maintenance, repair and replacement of music program services and loudspeaker systems, including furnishing electricity therefore;
20. Parcel pick-up and delivery services;
21. All materials, supplies and services purchased or hired in the operation of the Common Area or for the purposes set forth in this Exhibit;
22. Inspecting, maintenance, repair and acquisition costs (including depreciation) of any and all machinery and equipment used in the operation and maintenance of the Common Area or for any of the purposes set forth in this Exhibit E, including personal property taxes and other charges and taxes incurred in connection with such equipment;
23. Any and all personnel, including, without limitation, security and maintenance people, secretaries, bookkeepers and any other personnel related to the operation of the Common Area or for the purpose set forth in this Exhibit E (including within such costs and expenses for such personnel, without limitation, salaries, wages, leasing commissions, expenses and other compensation, including so-called fringe benefits, life, disability, medical and health insurance, pension plans, social security taxes, F.I.C.A., unemployment and other employment taxes, workmen's compensation, insurance and the like);

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24. Assessments levied against the Shopping Center by any community association or otherwise under any applicable restrictive covenants or the like covering the Shopping Center and other property within a development complex; and
25. Administrative costs attributable to the Common Area for on-site personnel and an overhead administrative cost allowance in the amount of 15% of the total Common Area costs.
26. Costs related to Shopping Center for promotional events, marketing, Shopping Center advertising, mass media platform creation and maintenance.

Provided there should be no duplication of costs in this **Exhibit E** with any costs Tenant is responsible to pay in other provisions of the Lease Agreement to which this Exhibit is attached.

Tenant _____

EXHIBIT F

Sign Criteria

Tenants are responsible for following the sign criteria. Any nonconforming or unapproved sign must be brought into conformance at the expense of the Tenant.

GENERAL REQUIREMENTS

- A. All signs shall comply with all state and local laws governing signage, electrical installations, location, and materials. All electric signs are to be UL listed.
- B. Tenant shall obtain written approval from Landlord for signage prior to manufacturing or installation. Tenant shall submit drawings showing design, color, size, and location of proposed sign.
- C. Tenant shall obtain any required permits prior to installation.
- D. The cost of fabrication, installation, illumination and maintenance of all signs shall be the sole responsibility of each Tenant.
- E. All signs and sign structures shall be kept in good repair. The Landlord reserves the right to cause the removal of any sign not so maintained or removed.
- F. Signs with flashing, blinking, rotating, moving, or animated lights are prohibited.
- G. Upon the termination of Tenant's lease, Tenant will remove the sign and repair, patch, or plug any damaged building façade material caused by the sign to a condition acceptable to the Landlord. All repairs to exterior materials must be performed by a contractor acceptable to the Landlord.
- H. All signs shall be in accordance with the following requirements:
 - 1. Signs, symbols and/or trademarks must have preliminary approval by the Landlord before shop drawings are made
 - 2. Tenant shall submit two (2) sets of shop drawings to the Landlord for approval. Drawings must show size of all letters, spacing, materials, mounting methods and overall sign dimensions in relation to lease area. Landlord approval is for design compliance only and it does not indicate approval of the technical portion of the sign or compliance with the city ordinance.
 - 3. Signs previously used by owners or sign contractors must conform to the conditions and limitations of this document. Re-use of an existing sign must be approved by the Landlord.

SPECIFIC REQUIREMENTS

- A. STOREFRONT SIGN REQUIREMENTS
 - 1. Tenant must install a storefront sign on the sign band. Only one sign is permitted for each Tenant, unless permitted in writing by Landlord.
 - 2. Minimum length: 50% of storefront façade width; Maximum length: 75% of storefront façade width, but not more than 30 feet. Letters not to exceed 24" in height.
 - 3. No exposed raceways, ballast boxes, or electrical transformers will be permitted. Sign company names or stamps must be concealed.
 - 4. For illuminated signs, signs will be LED; returns and trim caps shall be painted Dark Bronze. If using a raceway, raceways must be surface mounted.
- B. OTHER SIGNAGE
 - 1. Temporary wall signs, pennants, over-roof signs, inflatable displays are not permitted.
 - 2. Vinyl banners are permitted only with Landlord's written approval, and shall be used for a period not to exceed 30 days.
 - 3. Signage on windows must comply with local regulations and requires Landlord's written approval. Paper signs and handmade signs are permitted only with Landlord's written approval.
 - 4. Tenant must have storefront number displayed on or above the entryway. Size, type, and color of number shall be approved by the Landlord.

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EXHIBIT G

Guaranty of Lease

THIS GUARANTY given by (hereinafter called the "Guarantors," whether one or more) to (hereinafter called the "Landlord").

W I T N E S S E T H

In order to induce the Landlord to demise to _____ (hereinafter with its successors and assigns referred to as the "Tenant"), certain premises in the Landlord's Shopping Center to be (or which has been) constructed on land situated at _____ North Carolina and being described in the pursuant to a certain Lease Agreement dated _____, 20____, (which lease together with any and all modifications, amendments and extensions is hereinafter referred to as the "Lease"), the Guarantors agree as follows:

1. The Guarantors do hereby jointly and severally, unconditionally and absolutely guarantee to the Landlord the full, prompt and complete payment by the Tenant of the rent and all other sums which may be payable to the Tenant under the Lease and the full, prompt and complete performance by the Tenant of all and singular the terms, covenants, conditions and provisions in the Lease required to be performed by the Tenant without regard to any forbearance, delay, neglect or failure on the part of Landlord in enforcing same.
2. The Guarantors do hereby waive notice of acceptance hereof and any and all other notices which by law or under the terms and provisions of the Lease are required to be given to the Tenant, and also waive any demand for or notice of default of the payment of rent and other sums which may be payable by the Tenant under the Lease and the performance of all and singular the terms, covenants, conditions and provisions in the Lease required to be performed by the Tenant; and the Guarantors do further expressly hereby waive any legal obligation, duty or necessity for the Landlord to proceed first against the Tenant or to exhaust any remedy the Landlord may have against the Tenant, it being agreed that in the event of default or failure of performance in any respect by the Tenant under the Lease, the Landlord may proceed and have right of action solely against either the Guarantors (or any of them) or the Tenant or jointly against the Guarantors (or any of them) and the Tenant.
3. In the event of any bankruptcy, reorganization, winding up or similar proceedings with respect to Tenant, no limitation of Tenant's liability under the Lease which may now or hereafter be imposed by any federal, state or other statute, law or regulation applicable to such proceedings, shall in any way limit the obligation of Guarantors hereunder, which obligation is co-extensive with Tenant's liability as set forth in the Lease without regard to any such limitation.
4. The Guarantors shall not be entitled to make any defense against any claim asserted by the Landlord in any suit or action instituted by the Landlord to enforce this Guaranty or the Lease or to be excused from any liability hereunder which the Tenant could not make or invoke, and the Guarantors hereby expressly waive any defense in law or in equity which is not or would not be available to the Tenant, it being the intent hereof that the liability of the Guarantors hereunder is primary and unconditional.
5. In the event it shall be asserted that Tenant's obligations are void or voidable due to illegal or unauthorized acts by Tenant in the execution of the Lease, the Guarantors shall nevertheless be liable hereunder to the same extent as the Guarantors would have been if the obligations of the Tenant had been enforceable against the Tenant.
6. In the event suit or action be brought upon and in connection with the enforcement of this Guaranty, the Guarantors shall pay reasonable attorneys' fees and all court costs incurred by the Landlord.
7. This Guaranty shall remain in full force and effect as to any renewal, extension, modification or amendment of the Lease and as to any assigns of Tenant's interest under the Lease, and despite any subletting of all or any portion of the leased premises.
8. This Guaranty shall be binding upon the heirs, legal representatives, successors and assigns of the Guarantors, and shall inure to the benefit of the heirs, legal representatives, successors and assigns of the Landlord. Landlord's interest under this Guaranty may be assigned by it by way of security or otherwise.
9. This Guaranty shall remain in full force and effect regardless of whether or not Tenant continues to be owned in whole or in part by Guarantors.

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10. If the Guarantors, or any of them, are a corporation, then the undersigned officer of each such corporation personally represents and warrants that the Board of Director of each such corporation, in a duly held meeting, has determined that this Guaranty may reasonably be expected to benefit said Corporation.
11. The Guarantors agree that this contract is performable in, and waive the right to be sued elsewhere.

EXECUTED this the _____ day of _____, 20____

GUARANTOR:

WITNESS: _____

Address:

Tenant _____



To: Mayor and City Council
From: Wilmer Melton, City Manager
Subject: **AUTHORIZATION - Welcome Center and History Museum MOVED FROM CONSENT TO BUSINESS AGENDA AND CONSEQUENTLY UNANIMOUSLY APPROVED**

Recommended Action Requested by City Council

Motion authorizing the City Manager to proceed with the Welcome Center and History Museum conceptual design

Required Votes to Pass Required Action

Majority Present at Meeting

Background

During the City Council retreat sessions held on Saturday, February 7, 2026, and Saturday, February 21, 2026, Council discussed the establishment of a Welcome Center and History Museum to provide a centralized location that showcases Kannapolis' rich history and serves as a catalyst for welcoming visitors to the community. At the conclusion of those discussions, consensus was reached directing staff to identify a suitable location capable of accommodating both functions.

Following a thorough evaluation of potential sites, staff has identified the former Wells Fargo bank building, located between the Swanee Theater and Lee Clothing, as the most appropriate location for the proposed facility. 201 Oak Ave has also been identified as a suitable location for use should additional space be needed for our desired use. The sites offer excellent visibility, convenient accessibility, proximity to public parking, and an existing structure that can be readily adapted to support the intended use.

The City Manager will lead this project in coordination with the Cannon Family Foundation, Kannapolis History Associates, KAA-MaCC, and other local organizations and partners to ensure the facility reflects the community's history and vision.

Staff requests Council approval to proceed with the selection of a qualified firm to initiate the conceptual design phase for renovation of the space to accommodate the Kannapolis Welcome Center and History Museum.

Fiscal Implications

Funding sources include Fund 241 (\$791,188) and Fund 242 (\$941,890) of the current fiscal budget.

Alternate Courses of Action

1. Table action to a future meeting
2. Take no action

Attachments

None

