

Lease Agreement

**Between ANNE ARUNDEL COUNTY, MARYLAND and
ADDICTION RECOVERY, INC. D/B/A HOPE HOUSE TREATMENT CENTER**

Dated _____

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LEASE AGREEMENT

THIS LEASE AGREEMENT (“Lease”) is made this _____ day of _____, 2023, by and between **ANNE ARUNDEL COUNTY, MARYLAND**, a body corporate and politic of the State of Maryland (the “County”), and **ADDICTION RECOVERY, INC. DBA HOPE HOUSE TREATMENT CENTER** (the “Lessee”).

WHEREAS, the County owns certain property in Anne Arundel County, Maryland known and designated as 26 Marbury Drive, Crownsville, Maryland 21032, identified as Tax Map 0044, Grid 0001, Parcel 0094 (“Property”); and

WHEREAS, the Lessee has requested that the County lease part of the Property to the Lessee as set forth below; and

WHEREAS, the County agrees to such lease upon the following terms and conditions.

NOW, THEREFORE, WITNESSETH THAT, for and in consideration of the rents set forth herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

1. PREMISES:

(A) The County does hereby lease to the Lessee and the Lessee does hereby lease from the County part of the Property consisting of approximately 21,654 square feet of floor area within the building known as Hope House Treatment Center and formerly known as the Residence Dorm, as well as the land, parking lot, and sidewalks adjacent to the Hope House Treatment Center (the “Leased Property”) as shown on Exhibit A.

(B) By taking possession of the Leased Property, the Lessee accepts the Leased Property “as is”, and waives any right or claim against the County arising out of the Leased Property, including the improvements thereon, the appurtenances thereto, and the equipment thereof.

2. TERM:

(A) The term of this Lease shall be for a period of thirty-five (35) years (the “Term”), which shall commence on the date of execution by the County.

(B) Provided no event of default under Paragraph 22 exists, the term of this Lease may be renewed for up to two (2) additional terms of thirty (30) years each upon election by the Lessee in writing prior to the expiration of the current term. If the Lessee exercises its right to elect renewal, the Term shall be automatically extended for the additional term upon the same terms and conditions as are set forth in this Lease and there shall be no requirement for any further documentation. In addition, the term may be renewed or altered by the parties upon the written mutual consent of the parties.

(C) Either party may terminate this Lease at any time by giving the other party six (6) months advanced written notice of such termination.

3. RENT:

(A) The Lessee shall pay Rent to the County as follows:

- (1) Annual rent for this Lease shall be One Dollar (\$1.00);
- (2) For any renewal term of this Lease, annual rent of One Dollar ((\$1.00);
- (3) Payments for utilities, as set forth under Paragraph 9, are also due and payable by Lessee as additional rent as set forth in this Lease.

(B) All sums due and payable by the Lessee to the County under this paragraph 3 of this Lease shall be referred to herein as “Rent.” Rent shall be due and payable when the Lease is executed by all parties. The initial payment of Rent shall be made payable to the Anne Arundel County Office of Finance and delivered to the County’s Office of Central Services, Real Estate Division, 2660 Riva Road, Annapolis, Maryland 21401. Subsequent Rent payments shall be payable in advance to Office of Finance, 44 Calvert Street, Annapolis, Maryland 21401, Attention: Patrick Ladny, or to such other person, in such other form, or to such other place as the County may, from time to time, designate in writing at least thirty (30) days in advance of any Rent due

date.

4. **ASSIGNMENT:** The Lessee may not assign or transfer all or any part of its interest in this Lease or in the Leased Property, nor sublet all or part of the Leased Property without the express written consent of the County, which consent may be granted or withheld by the County in its sole and absolute subjective discretion. Notwithstanding the foregoing, the Lessee may sublet, upon sixty (60) days prior written notice to the County, part, but not all, of the Leased Property to one or more persons or entities that provide services that are complementary or supplementary to the services provided by the Lessee, so long as the Lessee remains liable for the performance of all Lessee obligations under this Lease.

5. **USE OF LEASED PROPERTY:** The Leased Property shall be used by the Lessee only for the operation of business activities related to substance use recovery or mental health treatment and not for any other use. The Lessee shall at all times during this Lease maintain the Leased Property in a clean and orderly manner. The Lessee shall not strip, overload, damage, or deface the Property or Leased Property. The Lessee shall not permit any activity on the Property or the Lease Property that is unlawful, noisy, offensive, or injurious to any person or property or as would increase the danger of fire or make void or voidable any insurance.

6. **PERMITS:** The Lessee shall, at its sole cost and expense, obtain all Federal, State, County and other permits and governmental authorizations required in order to implement its use of the Leased Property. The Lessee shall provide the County with copies of all permits and governmental authorizations, and no installations or other work will be performed by the Lessee until all required permits are obtained and submitted to the County. The Lessee will be required to obtain a Use & Occupancy Permit from Anne Arundel County.

7. **LESSEE IMPROVEMENTS:** Lessee shall be responsible for any improvements to Leased Property. Any modifications to Leased Property shall be subject to the approval of the

County, which approval shall not be unreasonably withheld.

8. **TAXES:** The Lessee shall be responsible for real estate taxes assessed against the Leased Property which are directly attributable to the Lessee's facilities and use. If assessed to the County, such taxes shall be the responsibility of the County, to the extent of available County funds.

9. **UTILITIES:** As additional Rent, the Lessee shall pay the cost of electricity supplied to and consumed on the Leased Property, as invoiced monthly by the County, as well as the costs of all other utilities for the Leased Property, including gas, heat, water and telephone or other communication services used, and other services rendered or supplied, upon or in connection with the Leased Property and all other charges assessed against the Leased Property. Each invoice for utility usage shall be accompanied by a copy of the invoice or other documentation that demonstrates the amount and cost of all electricity consumed on the Leased Property during the billing period. Alternatively, the Lessee, at its sole expense, may arrange for the installation of an electric meter to serve the Leased Property for direct billing by the electricity provider to the Lessee. Notwithstanding anything contained above, the Lessee shall be responsible for the supply connection and usage of electrical power, gas, and telephone under its own name. County shall not be liable for any interruptions or failures to utility services to the Leased Property.

10. **INSURANCE AND INDEMNIFICATION:** At all times during the term of this Lease, the Lessee shall obtain, pay all premiums for, and file with the County Office of Central Services, Real Estate Division, current certificates of insurance representing:

(A) **Commercial General Liability Insurance:** Commercial general liability insurance which insures against bodily injury, property damage, personal injury and advertising injury claims arising from the Lessee's occupancy of the Leased Property or operations incidental

thereto, with a combined single limit of \$1,000,000 per occurrence, and a general aggregate limit of \$1,000,000. Such insurance shall be endorsed to include Anne Arundel County, Maryland and its elected and appointed officials, employees, and authorized volunteers as additional insureds.

(B) **Business Auto Liability Insurance:** Lessee shall secure and maintain business auto liability insurance, which insures against bodily injury and property damage claims arising out of the ownership, maintenance or use of any owned, non-owned, or hired vehicles. A combined single limit of liability for bodily injury and property damage of \$1,000,000 per accident shall apply.

(C) **Workers Compensation and Employers Liability Insurance:** Workers compensation and employers liability insurance. The workers compensation insurance must satisfy Lessee's obligations under the workers compensation law of the State of Maryland and, is applicable, the U.S. Longshoremen's and Harbor Workers' Compensation Act. Employers liability insurance must be secured with minimum limits of \$1,000,000 for bodily injury by accident, \$1,000,000 each employee for bodily injury by disease, and a \$1,000,000 policy limit for bodily injury by disease.

(D) **Umbrella or Excess Liability:** Umbrella or excess liability insurance at a limit of at least \$1,000,000 each occurrence/accident and \$1,000,000 aggregate. This policy shall apply in excess of the required underlying commercial general, business auto, and employers liability coverages.

(E) **Evidence of Insurance/Insurers:** Lessee shall furnish acceptable certificates of insurance evidencing compliance with the insurance requirements of this Lease upon execution of this Lease, and at the time of each insurance policy renewal thereafter. Initial certificates of insurance shall be delivered to: Office of Central Services, Real Estate Division, 2660 Riva Rd., Annapolis, Md. 21401. Subsequent certificates shall be delivered to: Office of Risk Management,

2660 Riva Rd., Annapolis Md. 21401. Required insurance shall be written with insurers allowed to do business in the State of Maryland, with a rating of "A-" "V II" or better in the Best's Insurance Reports, unless otherwise approved by County. Such policies shall be endorsed to provide that no cancellation or non-renewal can take effect unless 30 days prior written notice by registered mail is furnished to the Lessee and the County. In the event of any such cancellation or non-renewal, the Lessee shall file with the County evidence of replacement coverage, which shall become effective no later than the date of cancellation or non-renewal.

(F) **Claims made policies:** Liability policies required herein are to be written on an occurrence basis, and may not be written on a "claims made" basis without the written permission of the County.

(G) **Property Insurance:** The Lessee shall secure and maintain risk of loss property insurance, or its equivalent, which insures against direct physical loss of or damage to Lessee's personal property, fixtures and equipment located in or at the Leased Property, on a replacement cost valuation basis, with limits not less than 100% of the insurable replacement cost of all personal property, fixtures and equipment located therein. Lessee shall be responsible for any deductible under the coverage. The County shall secure and maintain risk of loss property insurance or its equivalent (special form) property, which insures against direct physical loss of or damage to the Building and improvements, on a replacement cost valuation basis. The County shall be responsible for any deductible under the coverage.

(H) **Waivers of Subrogation:** The County and Lessee specifically waive any right of recovery from the other for any loss or damage to property (or any resulting loss of income or extra expense incurred to continue operations) of the other, to the extent that such loss or damage is covered by any property insurance purchased by either party. This waiver shall apply regardless of the cause of origin, including the negligence of either party. No property

insurer shall hold any right of subrogation against the other as respects loss or damage occurring on or at the Leased Property, and each party's property insurance policy shall contain an appropriate waiver of subrogation provision.

11. INDEMNIFICATION:

(A) The Lessee agrees and shall indemnify, defend, and hold harmless the County and all of its agents, servants, invitees, and employees from and against any liability and all claims of whatever nature arising from any act or omission of the Lessee, or its contractors, licensees, agents, servants, or employees, or arising from any accident, injury or damage whatsoever caused to any person or to the property of any person or property occurring in, on, or about the Leased Property or Property, where such accident, damage, or injury results or is claimed to have resulted from an act or omission on the part of the Lessee or Lessee's contractors, licensees, agents, servants, invitees, or employees.

(B) To the extent permitted by law and subject to all defenses and immunities provided by law, the County agrees and shall indemnify, defend, and hold harmless the Lessee and all of its agents, servants, invitees, and employees from and against any liability and all claims of whatever nature arising from any act or omission of the County, or its contractors, licensees, agents, servants, or employees, or arising from any accident, injury or damage whatsoever caused to any person or to the property of any person or property occurring in, on, or about the Leased Property or Property, where such accident, damage, or injury results or is claimed to have resulted from an act or omission on the part of the County or County's contractors, licensees, agents, servants, invitees, or employees.

(C) These indemnification obligations shall include all costs, expenses, and liabilities incurred in connection with any claim or proceeding, including any expense of investigation and defense.

12. **QUIET AND ENJOYMENT:** So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to peaceful and quiet enjoyment of the Leased Property, including the access to the Leased Property, without any interruption or interference from the County or other tenants.

13. **MAINTENANCE OF PROPERTY:** At all times during the term of this Lease, or any agreed upon renewal, the Lessee shall be responsible for the maintenance of the interior and exterior of the Leased Property, including but not limited to general janitorial maintenance, trash removal, and snow and ice removal. The Lessee shall keep the Leased Property in a clean, sanitary, and safe condition. The Lessee shall maintain the structural and nonstructural parts of the interior and exterior of the Leased Property including by way of example rather than limitation, ceilings, doors, windows, interior and exterior walls, sidewalks and driveways, and electrical, HVAC, plumbing fixtures and roofs in good repair and condition, and shall provide security necessary to keep the Leased Property in a safe and usable condition. Lessee shall be responsible for maintenance of emergency generators and fire alarm system serving the Leased Property. Lessee shall be responsible and at its sole cost and expense for the repair of any break in a branch water line that connects the Leased Property to the water and for any break in a branch water sewer line that connects the Leased Property to the main collection system. Lessee shall provide its own lock system and shall be responsible for maintenance and repairs of all locks. Lessee shall provide the Landlord with one (1) key to the Leased Property so the Landlord can access the Leased Property for emergency purposes. The Lessee shall be responsible for maintenance of the major mechanical systems servicing the Leased Property. The Lessee shall provide the County with prompt notice of defects in or damages to the exterior or structure of the Leased Property or the major mechanical systems servicing the Leased Property. Lessee shall neither bring upon nor store upon the Leased Property any hazardous or toxic waste.

14. **OWNERSHIP OF IMPROVEMENTS:** Except as may be approved by the County (which approval shall not be withheld arbitrarily), the Lessee shall not make any alterations, additions, or improvements of any kind to the Leased Property. All alterations, additions and improvements made by the Lessee or the County upon the Leased Property shall become the property of the County and shall remain upon and be surrendered with the Leased Property upon termination of this Lease. Except in the case of emergency, the Lessee will not make or suffer to be made any alteration, additions, or improvements to or of the Leased Property or any part of the Leased Property, or attach any new fixtures or equipment to the Leased Property (except, however, fixtures or equipment which replace or substitute for existing equipment) without first obtaining the County's written consent, which consent shall not be withheld arbitrarily.

15. **DESTRUCTION OR CONDEMNATION OF LEASED PROPERTY:**

(A) In case of damage by casualty to the Leased Property or any part thereof, the Lessee's rental and expenses shall abate, in whole or in part, as set forth below, for the period of time, if any, in which the Leased Property is untenable. Specifically, for full abatement of Rent and expenses, untenability shall be construed to mean such condition of the Leased Property, but not of any improvements on the Leased Property constructed or placed by the Lessee, as will cause the Lessee to be unable to use at least sixty percent (60%) of the Leased Property as authorized by this Lease. For a partial abatement of Rent and expenses proportionate to the percentage of the unusable portion of the Leased Property, untenability shall be construed to mean such condition of the Leased Property, but not of any improvements on the Leased Property constructed or placed by the Lessee, as will cause the Lessee to be unable to use at least thirty percent (30%) but less than sixty percent (60%) of the Leased Property as authorized by this Lease. Within the first forty-five (45) days after destruction or damage to at least sixty percent (60%) of the Leased Property, the County shall have the right to terminate this Lease upon fifteen (15) days

notice to the Lessee of its intention to not repair or reconstruct the Leased Property. Within this same forty-five (45) day period, Lessee may terminate this Lease upon fifteen (15) days notice to the County. In all situations in which the County does not terminate this Lease, the County shall repair promptly all damage and destruction to the Leased Property except for improvements on the Leased Property constructed or placed by the Lessee.

(B) In the event that the Leased Property, or any part thereof, are taken or condemned for public use or purpose by any competent authority, Lessee shall have no claim against the County and shall not have any claim or right to any portion of the amount that may be awarded as damages or paid as a result of any such condemnation; and all rights of the Lessee to damages therefore, if any, are hereby assigned by the Lessee to the County. Upon such condemnation or taking, the term of the Lease shall cease and terminate from the date of such governmental taking or condemnation and the Lessee shall have no claim against the County for the value of any unexpired term of this Lease.

16. **GOVERNING LAW, JURISDICTION, AND VENUE:** This Lease shall be governed by Maryland law and any action brought by or between the parties shall vest jurisdiction and venue exclusively in the Courts located in Anne Arundel County.

17. **GOVERNMENTAL IMMUNITY:** Notwithstanding any provision of this Lease to the contrary, nothing contained herein shall preclude the County from pleading governmental immunity in actions brought against it.

18. **NOTICE:** Any notice required pursuant to the terms of this Lease, or otherwise, shall be mailed by United States mail, certified, postage prepaid, or by recognized commercial courier or delivery service to the parties at the addresses listed below or to such other address as either party may designate in writing to the other.

County: Office of Central Services
Real Estate Division

2660 Riva Road, 3rd Floor
Annapolis, Maryland 21401
Attn: Real Estate Manager

With a copy to: Anne Arundel County Office of Law
2660 Riva Road, 4th Floor
Annapolis, Maryland 21401

Lessee: Addiction Recovery Inc dba Hope House Treatment Center
Attn: Mr. Peter D'Souza
26 Marbury Drive
Crownsville, Maryland 21032
410-923-6700

19. **ACCESS:** The County shall have access to the Leased Property at all reasonable times for the purpose of inspection or for the purpose of performing any maintenance and repairs as the County may consider necessary or desirable. Except when an emergency exists that requires immediate attention, the County shall give the Lessee not less than twenty-four (24) hours prior written notice that it desires to enter the Leased Property.

20. **DELIVERY OF THE LEASED PROPERTY:** At the expiration or other termination of this Lease, the Lessee shall remove all goods and effects from the Leased Property that are not the property of the County, and yield to the County the Leased Property and all keys, locks, and other fixtures connected therewith, in good repair, order, and condition in all respects, reasonable wear and use thereof excepted.

21. **NON-DISCRIMINATION:** At all times during the term of this Lease, or any renewal, the Lessee shall not discriminate in its use of the Leased Property against any person or group of persons because of the race, creed, color, sex, age, handicap, national origin, or ancestry of such person or group of persons.

22. DEFAULT, EFFECT OF DEFAULT, AND TERMINATION:

(A) Each of the following events shall constitute a default of this Lease ("Default"):

1. The Lessee's failure to pay Rent or other sums herein specified within

twenty (20) calendar days after receipt of written notice of said default of the date of such Rent or sums are due; or

2. Either party's failure to perform or comply with any of the conditions or covenants of this Lease and such failure continues for a period of thirty (30) calendar days after written notice to that party.

(B) In the event of a material default by Lessee, the County may terminate this Lease and remove or require the Lessee to remove the Lessee's property from the Leased Property, without prejudice to any other remedy which the County might be entitled to pursue.

(C) In the event of a material default by County, the Lessee may terminate this Lease and remove Lessee's property from the Leased Property, without prejudice to any other remedy which the Lessee might be entitled to pursue.

23. **WAIVERS:** No waiver by either party of any provision of this Lease shall be deemed to be a waiver of any other provision hereof, of any subsequent breach by the other party of the same provision of this Lease. Any consent or approval by a party shall not be deemed to render unnecessary the obtaining of that party's consent to or approval of any subsequent act by the other party whether or not similar to the act so consented to or approved.

24. **SEVERABILITY:** In the event any provision of this Lease or application of any provision is held invalid for any reason or reasons, such invalidity shall not affect the other provisions or the applications hereto which can be given effect without the invalid provisions or application. To this end, all the provisions of this Lease are deemed to be severable, each from the other.

25. **INTEGRATION CLAUSE:** This Lease contains the full and final agreement between the parties and no matter, whether written or oral, not herein contained, shall be understood to be part of the Lease unless properly executed, in writing, by both parties.

26. **CAPTIONS:** Captions in this Lease are for convenience only and shall not limit, enlarge or interpret the provisions of the Lease. Any personal pronoun used whether masculine, feminine or neuter shall include all the genders and the single shall include the plural. The plural shall include the singular unless the context shall indicate or specifically provide to the contrary.

27. **BENEFIT AND BURDEN:** The provisions of this Lease shall be binding upon, and shall inure to the benefit of the parties hereto and each of their respective heirs, personal representatives, legal representatives, successors and assigns, as appropriate.

28. **CONTINGENCY:** The term of this Lease exceeds thirty-five (35) months, and therefore is contingent upon approval by the Anne Arundel County Council, as required by Anne Arundel County Code, Article 8, §3-301. If this Lease is not approved, then it shall be null and void ab initio and of no further effect. Signature by the County evidences that the County has secured approval by the Anne Arundel County Council.

29. **OPTION TO PURCHASE:** Lessee shall have a Right of First Refusal to purchase the Leased Property, subject to any right of an existing tenant. Before County accepts an offer for the sale of the Leased Property from a third-party, County shall provide Lessee with a written notice of County's intent and the terms of the sale, including the purchase price. Lessee shall have sixty (60) days from its receipt of County's notice to either accept the offer or decline the offer. If Lessee accepts the offer, the parties will have ninety (90) days from the date of Lessee's acceptance to negotiate and enter into a purchase and sale agreement at the price offered by the third-party. If Lessee declines the offer or fails to respond to the offer, then the County may proceed to sell the Leased Property at that time or at any time in the future, without first offering it to the Lessee.

Notwithstanding anything contained above, at any time during the term or renewal terms, Lessee can submit to the County an offer to purchase the Leased Property. If County accepts the offer, the parties will have ninety (90) days from the date of County's acceptance to negotiate and

enter into a purchase and sale agreement at the price offered by Lessee.

30. **COUNTERPARTS AND ELECTRONIC SIGNATURES:** This Lease may be executed in counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument. Electronic signatures hereon shall be deemed valid to the same extent as originals.

31. **APPROPRIATIONS:** Any financial obligations of the County hereunder is subject to appropriations and availability of funds.

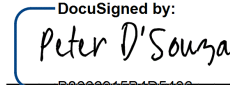
- Signature page to follow -

IN WITNESS THEREOF, the parties hereto have caused this Lease to be duly executed
as of the day and year first above written.

ATTEST: **ANNE ARUNDEL COUNTY, MARYLAND**

_____ By: _____
Christine M. Anderson
Chief Administrative Officer for
Steuart Pittman, County Executive

ATTEST: **ADDICTION RECOVERY, INC.
DBA HOPE HOUSE TREATMENT CENTER**

_____ By:  _____ (SEAL)
Printed Name: Peter D'Souza
Title: CEO

APPROVED FOR FORM AND LEGAL SUFFICIENCY
GREGORY J. SWAIN, COUNTY ATTORNEY

_____ Date
Christine B. Neiderer
Senior Assistant County Attorney

APPROVED:

_____ Date
Susan Herrold
Central Services Officer

EXHIBIT A

