



Thursday, December 19, 2019

AREA BOARD SPECIAL MEETING

5200 W. Paramount Parkway, Morrisville, NC 27560
8:00-8:30 a.m.

MEMBERS PRESENT: Glenn Adams, Cumberland County Commissioner, JD (via phone), Cynthia Binanay, Chair, MA, BSN (via phone), Tony Braswell, Johnston County Commissioner, Heidi Carter, Durham County Commissioner, MPH, MS (via phone), George Corvin, Vice-Chair, MD, David Curro, BS (via phone), Angela Diaz, MBA (via phone), Greg Ford, Wake County Commissioner, MA, Lodies Gloston, MA, David Hancock, MBA, MPAff, Duane Holder, MPA (via phone), D. Lee Jackson, BA, Donald McDonald, MSW, Lynne Nelson, BS (via phone), Gino Pazzaglini, MSW LFACHE (via phone), Pam Silberman, JD, DrPH (via phone), Lascel Webley, Jr., MBA, MHA (via phone), and McKinley Wooten, Jr., JD (via phone)

GUEST(S) PRESENT: None

ALLIANCE STAFF PRESENT: Kelly Goodfellow, Executive Vice-President/Chief Financial Officer; Veronica Ingram, Executive Assistant II; Robert Robinson, Chief Executive Officer; and Carol Wolff, General Counsel.

1. CALL TO ORDER: Chair George Corvin called the meeting to order at 8:09 a.m.

AGENDA ITEMS:	DISCUSSION:
2. Property Update	<p>A. Sublease Agreement Carol Wolff, General Counsel, presented the sublease to Recovery Innovations, Inc. ("RI") for the Roxy Crisis Facility located at 1724 Roxie Ave, Fayetteville. This item requires supermajority approval pursuant to the Board By-Laws, which was present.</p> <p><u>BOARD ACTION</u> A motion was made by Mr. Curro to approve the proposed Sublease to RI International, Inc. dba Recovery Innovations Inc. for the Roxy Facility located at 1724 Roxie Ave, Fayetteville and to authorize the CEO to make non-substantive changes and execute the Sublease; motion seconded by Mr. Wooten. Motion passed unanimously.</p> <p>B. Sale of Property at 3309 Durham Drive, Raleigh Ms. Wolff provided an update on the sale of this property. This item requires supermajority approval pursuant to the Board By-Laws, which was present.</p> <p><u>BOARD ACTION</u> A motion was made by Commissioner Adams to waive the rules set forth in the By-laws and to authorize the CEO to enter into any binding or non-binding agreement for the sale of the property at 3309 Durham Drive, Raleigh, as long as it exceeds the purchase price and the agency's investment in the property, subject to approval of the Board Chair, without further Board approval; motion seconded by Mr. Wooten. Motion passed unanimously.</p>
3. Adjournment	All business was completed; the meeting adjourned at 8:21 a.m.

Next Board Meeting
Thursday, February 06, 2020
4:00 – 6:00 pm

Minutes approved by Board on March 5, 2020.



**Alliance Health
BOARD OF DIRECTORS
Agenda Action Form**

ITEM: Sublease to RI International, Inc. dba for Recovery Innovations Inc. for the Roxy Crisis Facility located at 1724 Roxie Ave, Fayetteville, North Carolina

DATE OF BOARD MEETING: December 19, 2019

REQUEST FOR BOARD ACTION: The Board is requested to approve a Sublease to Recovery Innovations, Inc. ("RI") for the Roxy Crisis Facility located at 1724 Roxie Ave, Fayetteville. Alliance leases this property from County of Cumberland. The Facility is currently undergoing significant renovations and is not open. Alliance awarded a Provider Contract to RI to become the operator of the Facility once it opens.

The Board is requested to approve the proposed Sublease Agreement to RI effective December 20, 2019. RI plans on occupying a small portion of the building to prepare for startup. The Facility will not be open for treatment until it is licensed and substantially complete. During the construction of the renovations, the Subtenant will be required to vacate any portion of the Facility in which the construction is taking place and shall relocate its employees and operations in the portion of the Leased Premises in which construction is not taking place.

The term will run concurrently with our Lease from Cumberland County, which is through June 30, 2025. In the event RI loses the Provider Contract with Alliance for the operation of the Facility, then the Sublease would also terminate. The annual rent will be \$0 (same as our rent amount from the County). RI is responsible for routine maintenance and security. This item requires a supermajority pursuant to the Board By-Laws.

CEO RECOMMENDATION: Approve the proposed Sublease to RI International, Inc. dba for Recovery Innovations Inc. for the Roxy Facility located at 1724 Roxie Ave, Fayetteville and authorize the CEO to make non-substantive change and execute the Sublease.

RESOURCE PERSON(S): Carol Wolff, General Counsel; Robert Robinson, CEO

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SUBLEASE AGREEMENT

This Sublease Agreement, is made and entered into by and between **Alliance Health**, a political subdivision of the State of North Carolina, existing under N.C.G.S. Chapter 122C, hereinafter referred to as "Lessee", and **RI, International, dba for Recovery Innovations Inc. an Arizona not for profit corporation**, hereinafter referred to as "Subtenant".

WHEREAS, Alliance is the Lessee of a certain parcel of real property located at 1724 Roxie Ave, Fayetteville, North Carolina owned by the County of Cumberland; and

WHEREAS, Alliance and Subtenant have entered into a Service Agreement for the provision of mental health, intellectual/developmental disability or substance abuse services including a walk-in crisis center available 24 hours a day at the Leased Premises, dated _____ (the "Service Agreement"); and

WHEREAS, Alliance and Subtenant desire to enter into this Sublease Agreement in order to effectuate that purpose and to set forth their respective rights and liabilities in connection with said Property;

NOW THEREFORE, IN CONSIDERATION of the mutual promises and subject to the terms and conditions contained or referred to herein, Lessee does hereby lease and demise to Subtenant, that building located at 1724 Roxie Ave, Fayetteville, North Carolina (hereinafter referred to as the "Leased Premises"):

TO HAVE AND TO HOLD said property, together with all privileges and appurtenances thereto belonging including easements of ingress and egress, to the said Subtenant, under the terms and conditions hereinafter set forth:

1. **TERM:** The Sublease shall commence December 20, 2019, and unless sooner terminated, continue until midnight on June 30, 2025. The parties may agree to extend the Term thereafter upon mutual agreement, so long as Alliance's Lease with the County of Cumberland is extended. This Sublease shall be subject to those terms and conditions contained in the Lease agreement between Alliance and the County of Cumberland, dated July 1, 2019.
2. **RENT:** The rent shall be at an annual rate of \$0.00.
3. **DEPOSIT:** Lessee shall not require a security deposit from the Subtenant.
4. **CONDITION OF PREMISES/LEASEHOLD IMPROVEMENTS:** Subtenant accepts the Leased Premises as is. Lessee makes no representation or warranty as to the condition of the Premises. Subtenant shall return the Leased Premises to Lessee at the termination or expiration hereof in as good condition and state of repair as the same was at the commencement of the term hereof, except for loss, damage, or depreciation occasioned by reasonable wear and tear or damage by fire or other casualty.

Notwithstanding the foregoing or any other provision of this Sublease, Lessee and Subtenant desire certain leasehold improvements to the Leased Premises for a more efficient service delivery and to comply with facility and accreditation guidelines. The Lessee has agreed to make the leasehold

improvements.

During the construction of the leasehold improvements, Subtenant shall vacate any portion of the Leased Premises in which the construction is taking place and shall relocate its employees and operations in the portion of the Leased Premises in which construction is not taking place. Lessee shall keep Subtenant informed of the progress and status of the construction.

5. **PARKING LOT:** The parking lot adjacent to the building shall be included in the Leased Premises for the use of Subtenant and its visitors and invitees.

6. **ASSIGNMENT and SUBLEASE:** The Subtenant shall not assign this sublease or sublet the Leased Premises or any part thereof, without the written consent of the Lessee; provided however; that if Subtenant enters into any sublease for which rent is paid, all rent shall be assigned to Lessee.

7. **USE AND POSSESSION:** The Leased Premises shall be used by Subtenant to provide behavioral health, substance abuse, intellectual and developmental disability and physical health services.

8. **DESTRUCTION OF PREMISES:** In the event that said building including the Leased Premises is damaged by fire, explosion, accident or any act of God, so as to materially affect the use of the building and Leased Premises, this Sublease shall automatically terminate as of the date of such damage or destruction, provided, however, that if such building and Leased Premises are repaired so as to be available for occupancy and use within sixty (60) days after said damage, then this Sublease shall not terminate; provided further, that the Subtenant shall pay no rent during the period of time that the Leased Premises are unfit for occupancy and use.

9. **CONDEMNATION:** If during the Term of this Sublease, the whole of the Leased Premises, or such portion thereof as will make the Leased Premises unusable for the purpose leased, be condemned by public authority for public use, then the term hereby granted shall cease and come to an end as of the date of the vesting of title in such public authority, or when possession is given to such public authority, whichever event occurs last. Upon such occurrence the rent shall be apportioned as of such date and any rent paid in advance at the due date for any space condemned shall be returned to Subtenant. Lessee shall be entitled to reasonable compensation for such taking except for any statutory claim of Subtenant for injury, damage or destruction of Subtenant's business accomplished by such taking. If a portion of the Leased Premises is taken or condemned by public authority for public use so as not to make the remaining portion of the leased premises unusable for the purpose leased, this Sublease will not be terminated but shall continue. In such case, the rent shall be equitably and fairly reduced or abated for the remainder of the term in proportion to the amount of Leased Premises taken. In no event shall Lessee be liable to Subtenant for any interruption of business, diminution in use or for the value of any unexpired term of this Sublease.

10. **INTERRUPTION OF SERVICE:** Lessee shall not be or become liable for damages to Subtenant alleged to be caused or occasioned by, or in any way connected with, or the result of any interruption in service, or defect or breakdown from any cause whatsoever in any of the electric, water, plumbing, fire suppression, heating, air conditioning, ventilation or elevator

systems, or any other structural component of the building, unless such damage arises from an intentional or negligent act or omission of Lessee, its employees or officers.

11. **LESSEE'S RIGHT TO INSPECT:** Lessee shall have the right, at reasonable times during the term of this Sublease, to enter the Leased Premises, for the purposes of examining and inspecting same and of making such repairs or alterations therein as Lessee shall deem necessary. Lessee shall provide at least 48 hours' notice to Subtenant and shall be subject to confidentiality procedures deemed necessary for the safety and privacy of the occupants of the property.

12. **INSURANCE:** Lessee will be responsible for insuring its interest in the building and Subtenant will be responsible for insuring its personal property within the leased premises. Subtenant shall at all times during the term hereof, at its own expense, maintain and keep in force a policy or policies of general and premises liability insurance against claims for bodily injury, death or property damage occurring in, on, or about the demised premises in a coverage amount of no less than \$1,000,000 per occurrence and naming Lessee as an additional named insured. Subtenant shall provide current copies of all such policies of insurance to Lessee.

13. **LESSEE'S RESPONSIBILITY FOR MAINTENANCE & REPAIRS:** Lessee shall make all repairs and replacements to the Leased Premises (including building fixtures and equipment) except for repairs and replacements that Subtenant must make under Section 14. Lessee's maintenance and repair obligations shall include generator repairs and maintenance including periodic cutover tests, roof, foundation, windows and exterior walls of the building; interior structural walls and all building systems, such as mechanical, electrical, HVAC, and plumbing; the parking lot, curb and sidewalk repair; pest control, existing chain link and brick fencing; fire suppression system; elevator systems; and repair or replacement of overhead lighting system. Lessee shall provide all services related to the landscaping and grassed areas, including trimming, mowing, planting, mulching and fertilizing as needed.

Repairs or replacements shall be made within a reasonable time (depending on the nature of the repair or replacement needed) after receiving notice from Subtenant or Lessee having actual knowledge of the need for a repair or replacement.

14. **SUBTENANT'S RESPONSIBILITY FOR IMPROVEMENTS, MAINTENANCE & REPAIRS:** Subtenant shall be responsible for all other maintenance of the Leased Premises not specified as the responsibility of Lessee in this Sublease. Subtenant shall be responsible for the regular maintenance in good condition of all interior surfaces including floors, doors, ceilings, walls and windows, unless damage arises from a Lessee obligation set forth in this Sublease.

Subtenant shall be responsible for the cost of providing commercially reasonable janitorial service and trash removal from the Leased Premises. Security alarms and other security measures will be the sole responsibility of the Subtenant. Subtenant shall not be responsible for ordinary wear and tear or for major damage or destruction caused by casualty or disaster for which there is insurance coverage.

Subtenant shall: (i) keep the Premises and fixtures in good order; (ii) make repairs and replacements to the Leased Premises needed because of Subtenant's misuse or negligence; (iii)

maintain Subtenant improvements, including any special equipment or decorative treatments, installed by or at Subtenant's request that serve the Leased Premises; and (iv)not commit waste.

15. TRADE FIXTURES and IMPROVEMENTS: Any additions, fixtures, or improvements placed or made by the Subtenant in or upon the Leased Premises, which are permanently affixed to the Leased Premises and which cannot be removed without unreasonable damage to said premises, shall become the property of the Lessee and remain upon the premises as a part thereof upon the termination of this Sublease. All improvements, trade fixtures, office furniture and equipment, purchased with funds provided by Lessee shall be and remain as the property of the Lessee and may not be removed from the Leased Premises by Subtenant unless provided written approval by Lessee.

All other additions, fixtures, or improvements, to include trade fixtures, office furniture and equipment, and similar items, which can be removed without irreparable damage to the Leased Premises, and paid for by the Subtenant, shall be and remain as the property of the Subtenant and may be removed from the Leased Premises by the Subtenant upon the termination of this Sublease. Subtenant is permitted to make alterations and improvements to the Leased Premises and shall bear the expense of such improvements not otherwise the responsibility of Lessee. Subtenant shall obtain Lessee's written consent before making any alterations or changes to the building or Leased Premises, such consent shall not be unreasonably withheld.

16. TAXES: In the event any property of Subtenant is or becomes taxable, Subtenant will list and pay all business personal property taxes on its taxable personal property located within the Leased Premises.

NOTICE: Any notices to be given by either party to the other under the terms of this Agreement shall be in writing and shall be deemed to have been sufficiently given if delivered by hand, with written acknowledgement of receipt, or mailed by certified mail, return receipt requested, or delivered by receipt controlled express service, to the other party at their respective business addresses listed below:

Lessee: Alliance Health
5200 W. Paramount Pkwy., Suite 200
Morrisville, NC 27560
Attn: General Counsel

Subtenant: R I International a dba of Recovery Innovations Inc.
2701 N 16 St., Suite 316
Phoenix, AZ 85006
Attn: CFO office

19. SUCCESSORS AND ASSIGNS: This Sublease shall bind and inure to the benefit of the successors and assigns of the parties hereto.

20. UTILITIES: Subtenant shall operate all utilities subject to Operation guidelines set forth

below. Lessee shall pay the cost of water, gas, electricity, light, heat, and electric power utilities rendered or supplied upon or in connection with the Leased Premises. Lessee shall not be liable for any failure of any public utility to provide utility services over such connections and such failure shall not constitute a default by Lessee in performance of this Sublease. The installation, maintenance and service charges for any other utilities or services such as telephone, cable television, internet, or wireless connectivity shall be the sole responsibility of Subtenant.

For all area, offices, conference rooms, common areas, and guest patient bedrooms	Operating Mode	Occupied Set Point	Unoccupied Set point
	Cooling	74	80
	Heating	70	65

21. **RISK OF LOSS:** As between the Lessee and the Subtenant, any risk of loss of personal property placed by the Subtenant in or upon the Leased Premises shall be upon and the responsibility of the Subtenant, regardless of the cause of such loss.

22. **DESTRUCTION OF PREMISES:** If the Leased Premises should be completely destroyed or damaged so that more than fifty percent (50%) of the Leased Premises are rendered unusable, this Sublease shall immediately terminate as of the date of such destruction or damage.

23. **EVENTS OF DEFAULT/TERMINATION:**

a.) The occurrence of any of the following shall constitute an Event of Default and breach of this Sublease:

(i) Subtenant abandons or vacates the Premises without written notification to the Lessee.

(ii) Subtenant utilizes the Premises in a manner not consistent with this Sublease.

(iii) Failure by either Party to observe and perform any other obligation of this Sublease, where such failure continues for thirty (30) days after Written Notice Of Default by the non-breaching party to the breaching party; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30) day period a party shall not be deemed to be in default if that party shall within such period commence such cure and thereafter diligently prosecute the same to completion.

b.) **TERMINATION.** In the event either party Defaults, and such default shall continue for a period of thirty (30) days after written notice of default, the non-defaulting party, at its discretion. If Lessee shall fail to perform any of the terms and conditions heretofore set forth and shall continue such default thirty (30) days after written notice of such default, Subtenant, at its discretion, may terminate this Sublease and vacate the Leased Premises without further obligation to pay rent as theretofore provided from date of said termination, without prejudice to any other

remedies provided by law. In the event Subtenant is unable or chooses not to use the Leased Premises for the intended uses, then Subtenant may terminate this Sublease upon ninety (90) days prior written notice to Lessee.

On or before the termination date or date of expiration, Subtenant shall vacate and surrender the Premises to Lessee. All keys to the Premises shall be delivered to the Lessee at that time.

Notwithstanding the foregoing, this Sublease shall immediately terminate in the event the Service Agreement between the parties is terminated for any reason.

c.) **CONDITION OF PREMISES UPON TERMINATION/HOLDING OVER.** Upon the termination or expiration of this Sublease, Subtenant shall return the Premises to Lessee substantially in the same condition as received ordinary wear and tear and approved improvements excepted. If Subtenant does not surrender possession of the Premises at the expiration or earlier termination of the Term, Lessee shall be entitled to recover compensation for such use and occupancy at the monthly rate equal to Fair Market Value (as hereinafter defined) for the property at the expiration or earlier termination of the Term, and Subtenant shall be liable to Lessee for any loss or damage it may sustain by reason of Subtenant's failure to surrender possession of the Premises immediately upon the expiration or earlier termination of the Term. For the purposes of this Sublease, "Fair Market Value" shall be the monthly rent that a willing user would pay and a willing owner would accept in an arm's length, bona fide negotiation for a monthly lease of the Premises.

24. **OCCUPANCY AND QUIET ENJOYMENT:** Lessee promises that Subtenant shall have quiet and peaceable possession and occupancy of the Leased Premises in accordance with the terms of this Sublease, and that Lessee will defend and hold harmless the Subtenant against any and all claims or demands of others arising from Subtenant's occupancy of the premises or in any manner interfering with the Subtenant's use and enjoyment of said premises.

25. **MODIFICATION:** This Sublease may be modified only by an instrument duly executed by the parties or their respective successors.

26. **WAIVER:** Failure or delay of either party to insist upon the strict performance of the covenants, agreements, or conditions of this Sublease, or any of them, shall not be construed as a waiver or relinquishment of that party's right to enforce such, but the same shall continue in full force and effect.

27. **APPLICABLE LAW:** This Sublease is entered into in North Carolina and shall be construed under the laws, statutes and ordinances of this State. All actions relating in any way to this Sublease shall be brought in the General Court of Justice in the County of Cumberland and State of North Carolina.

28. **COMPLIANCE WITH LAWS:** Subtenant represents that it is in compliance with all Federal, State, and local laws, regulations or orders, as amended or supplemented.

IN WITNESS WHEREOF, Lessee and Subtenant have caused this Sublease Agreement

to be executed in duplicate originals by their duly authorized officers, to be effective for the term as stated above.

Subtenant: R I International a dba of Recovery Innovations Inc.

By: _____

Lessee: Alliance Health

By: _____
Rob Robinson, CEO