

COMMERCIAL LEASE AGREEMENT

THIS COMMERCIAL LEASE AGREEMENT (“**Lease**”) is entered into by and between Tarrant County Hospital District d/b/a JPS Health Network, a unit of local government, and more specifically a county hospital district created and operating under Chapter 281 of the Texas Health and Safety Code (“**District**”), and Lori’s Gifts, Inc., a Texas Corporation (“**Lori’s**”), on February 1, 2023 (“**Effective Date**”). District and Lori’s are each considered a “**Party**” and collectively the “**Parties**” to this Lease.

The Parties acknowledge and agree that they had previously entered into that certain Commercial Lease Agreement dated November 1, 2021, which expired by its terms on October 31, 2022 (the “**Prior Lease**”). Thereafter, the Parties have operated as if the Prior Lease was still in full force and effect pursuant to the hold-over provision at Section 16 of the Prior Lease. In consideration of the execution of this Lease and upon execution of this Lease, each Party hereby fully, generally and completely, releases the other Party from its obligations under the Prior Lease, except, however, for the provisions of the Prior Agreement which survive by their terms (such as, but not limited to, indemnification and confidentiality).

1. PREMISES:

A. Premises Description. District, for and in consideration of the covenants contained in this Lease and made on the part of the Lori’s, demises and leases unto Lori’s, and Lori’s leases from District portions of the buildings identified as John Peter Smith Hospital (“**Hospital**”), located at 1500 S. Main Street, Fort Worth, Texas, and the Patient Care Pavilion (“**Pavilion**”) at 1575 S. Main Street, Fort Worth Texas (Collectively, the “**Premises**”). The properties upon which the Premises are situated being more particularly described in **Exhibits “A-1” and “A-2”** attached hereto and incorporated herein for all purposes. The Premises consist of (1) a first floor space in the Hospital containing approximately 1,045 square feet of rentable space (the “**Gift Shop**”), but as more specifically apportioned as (i) 802 square feet of retail sales floor space, (ii) 143 square feet of back office storage area, and (iii) 100 square feet of additional storage area (Storage closet 01-0400 (50 sqft) and Storage Closet/01-0398 (50 sqft)); and (2) a first floor space in the Pavilion containing approximately 340 square feet of rentable space (the “**Coffee Kiosk**”), but as more specifically apportioned as (i) 308 square feet of coffee kiosk space, and (ii) 32 square feet of storage area (Storage closet/F-120-4 Loading dock (32 sqft/rack)). The Premises for the Gift Shop and Coffee Kiosk are more particularly described on the building plan attached to this Lease as **Exhibits “B-1” and “B-2”**, respectively.

B. Keys. Lori’s confirms receipt of five (5) keys to the Gift Shop and storage room. District shall provide Lori’s with a sufficient number of badge access as reasonably determined by District for access to the Pavilion, where the Coffee Kiosk is located. District shall be entitled to retain a key and any other appropriate means of access to the Premises for use in the event of an emergency. The District’s key shall be the responsibility of the District’s Security personnel and after-hours access to the Premises shall be limited to the District’s Security personnel and emergency responders, unless permission to access the Premises is otherwise granted by Lori’s.

2. LEASE TERM:

Term. The Parties agree that Lori's shall have and hold the Premises for the initial term ("**Initial Term**"), which shall commence on the Effective Date (the "**Commencement Date**") and continue through January 31, 2026 (the "**Expiration Date**"). Thereafter, Lori's may renew the Lease for up to two (2) additional one-year terms by providing District with written notice of renewal no less than thirty (30) days prior to the expiration of the then-current term (any such renewal, a "**Renewal Term**" and together with the Initial Term, the "**Term**").

3. RENT:

A. Base Rent. Lori's covenants and agrees to pay to District as total base rent for the Premises (the Gift Shop and the Coffee Kiosk (including the storage spaces)) the sum of Fifty-Five Thousand Six Hundred Seven Dollars and Seventy-Six Cents (\$55,607.76) per annum payable in equal monthly installments of Four Thousand Six Hundred Thirty-Three Dollars and Ninety-Eight Cents (\$4,633.98) ("**Base Rent**"), payable on the 1st day of every calendar month for the then current month, and prorated for any partial calendar year.

B. Percentage Rent.

- (i) In addition to the Base Rent set forth in Section 3(A) above, from and after the date upon which Lori's gross sales from the Gift Shop exceed \$90,000.00 during any term year of this Lease, Lori's shall pay to the District Ten Percent (10.0%) of such gross sales in excess of \$90,000.00 ("**Percentage Rent**"). Further, from and after the date upon which Lori's gross sales from the Gift Shop exceed \$600,000.00 during any term year of this Lease, Lori's shall pay to the District Twelve Percent (12.0%) of such gross sales in excess of \$600,000.00. All Percentage Rent payments shall be payable monthly and shall be due to the District on or before the 25th day of the month after the month for which the Percentage Rent is calculated. Additionally, Lori's shall provide the District, on the 25th of each month, a statement disclosing the total year-to-date gross sales as of the end of the previous calendar month ("**Monthly Gross Sales Reports**"). On or before the 20th day after the end of each term year of this Lease Lori's shall provide the District with a statement disclosing the total gross sales from the Gift Shop for the immediately previous term year ("**Annual Gross Sales Report**").

For avoidance of confusion, the Coffee Kiosk sales will not be considered into the calculation of Percentage Rent.

- (ii) Gross sales shall be computed on sales prior to the imposition of sales taxes and shall not include customer returns and refunds, and service items such as stamps, subway, metro or parking tokens, retailer gift cards, magazines and newspapers.
- (iii) District shall have the right, upon reasonable notice to Lori's, to conduct an annual audit of Lori's records pertaining to its gross sales ("**Annual Audit**"). In the event the Annual Audit discloses gross sales equal to or greater than one hundred five percent (105%) of the gross sales reflected on the Annual Gross Sales Report ("**Gross Sales Discrepancy**"), Lori's, within 30 days' notice from District of the Gross Sales Discrepancy, shall (i) reimburse District for the cost of the audit (ii)

pay to the District the Percentage Rent attributable to the Gross Sales Discrepancy. Notwithstanding anything stated above, Lori's federal, state and local income tax returns and reports shall not be considered business records available for inspection by District. To the extent permitted by law, any information obtained by District pursuant to its audit rights under this Lease shall be held confidential.

C. Lori's obligation to pay rent shall commence on the Commencement Date.

D. Rental payments due District which are not paid within ten (10) days from written notice of non-payment shall bear interest at the rate of one percent (1%) per month until paid ("**Late Charge**").

E. All rental payments due under this Section 3 shall be mailed to District's address set forth in Section 22(E) or such other address as District may designate. All Monthly Gross Sales Reports and Annual Gross Sales Report may be emailed to the attention of Ben Scott, Controller, at BScott03@jpshealth.org / Telephone number: (817) 702 - 6334.

4. **FACILITIES:**

A. **Gift Shop.** Lori's shall provide, install and maintain, at its own cost and expense, all equipment and furnishings necessary to operate its facilities. Lori's shall also "refresh" their look in the Gift Shop, which shall mean that Lori's will provide the following at Lori's sole expense:

- Add coolers for more food/drink options;
- Minor mill work, movement of fixtures, electrical; and
- Add power drops.

The scope of work described in this Section 4.A. will occur after hours and shall be coordinated by Lori's. District will support Lori's on the power drops for moving the cash registers.

B. **Coffee Kiosk.** Lori's shall provide, install and maintain, at its own cost and expense, all equipment and furnishings necessary to operate the Coffee Kiosk, including Lori's own cash register, and shall be responsible for paying all sales taxes and other taxes, as applicable, for the sales made through the Coffee Kiosk. Lori's shall create and startup a limited Starbuck's Coffee program at the Corner Kiosk as shown in **Exhibit "B-2"** (existing Kiosk). Lori's shall provide the following at Lori's sole expense:

- Add an espresso maker, drip coffee under a Starbuck's agreement program;
- Increase food, drink and merchandise items offered; and
- Additional power needs/drops for refrigeration.

The scope of work described in this Section 4.B. will occur after hours and shall be coordinated by Lori's.

5. OPERATION.

A. Gift Shop. During the Term hereof, Lori's shall conduct operations of the Gift Shop according to the following schedule:

- (i) From 7:00 A.M. to 8:30 P.M. Mondays through Fridays.
- (ii) From 9:00 A.M. to 8:00 P.M. Saturdays, Sundays, and holidays.

Notwithstanding the requirements set forth above, upon obtaining District's prior written permission which permission shall not be unreasonably withheld, Lori's shall be entitled to cease business operations during non-profitable hours. Lori's may open and remain open for additional hours at its discretion.

B. Coffee Kiosk. Lori's hereby acknowledges and agrees that it is Lori's sole responsibility to manage all ingress and egress into the Coffee Kiosk, and its customers shall not impair access to, or block the entrance to, the first floor lobby elevators of the Pavilion at any time during the Term of this Lease. During the Term hereof, Lori's shall conduct operations of the Coffee Kiosk according to the following schedule:

- (i) From 6:30 A.M. to 9: P.M. Mondays through Sundays.

Notwithstanding the requirements set forth above, upon obtaining District's prior written permission which permission shall not be unreasonably withheld, Lori's shall be entitled to cease business operations during non-profitable hours. Lori's may open and remain open for additional hours at its discretion.

C. Quality of Service:

- (i) Lori's shall conduct its operations in an orderly manner and so as not to annoy, disturb or be offensive to customers, patrons or others in the Hospital or the Pavilion. District agrees and acknowledges that Lori's will not be found to annoy, disturb or be offensive to customers for operating as a typical gift shop and/or coffee kiosk.
- (ii) Lori's shall control the conduct, demeanor and appearance of its officers, members, employees, agents and representatives and upon receipt of a reasonable complaint from District concerning the conduct, demeanor or appearance of any such person, Lori's shall immediately take all necessary steps to correct the cause of such complaint.
- (iii) Lori's shall take good care of the Premises, shall use the Premises in a careful manner and shall, at its own cost and expense, keep and maintain the Premises in constant good and substantial condition and repair, and upon the expiration of this Lease, or its termination in any manner, shall deliver the Premises to District in the same condition as received. Loss by fire or other casualty and ordinary wear and tear the only exceptions. Lori's shall cease conducting business from the Premises no earlier than three (3) days prior to the Expiration Date of the Term. Lori's shall

thereafter have three (3) days to vacate the Premises and shall deliver the Premises to District upon the Expiration Date of the Term.

- (iv) Lori's shall furnish good, prompt and efficient service, adequate to meet all reasonable demands therefore.
- (v) **Inventory.** Lori's shall select only the best quality merchandise authorized to be sold on the Premises. Lori's shall select and purchase, with its own funds, all inventory items for the Gift Shop and Coffee Kiosk and shall select only the best quality merchandise to be sold on the Premises. The Gift Shop inventory may include, but shall not be limited to, gifts, fresh flowers, plants, clothing, accessories, home décor, stuffed toys, puzzles and books, games, seasonal and holiday merchandise, greeting cards, stationery, candy, snacks, healthy snacks and food items, drinks, ice cream, Mylar balloons, sundries, personal care items, magazines, paperback, and such additional merchandise as is required by demand and which is mutually agreed upon by the District and Lori's. It is agreed, however, that cigarettes shall not be sold in the Gift Shop nor the Coffee Kiosk, and there shall not be sold any materials, books or pictures that appeal to prurient interests or which otherwise are inappropriate for a hospital gift shop or coffee kiosk.
- (vi) **Compliance with Food Safety Laws and License/Permit Requirements.** Lori's shall take all action reasonably necessary to ensure that all food, beverages, and other concessions offered at the Coffee Kiosk are being purchased, marketed, stored, prepared, and sold in compliance with food and safety laws, including those required by local, state, and federal laws, regulations, ordinances, and rules, including, but not limited to, the Texas Food Establishment Rules, the Food Safety Modernization Act, the Federal Food, Drug and Cosmetic Act, the Sanitary Food Transportation Act, all applicable U.S. Department of Agriculture and Food Safety and Inspection Service Regulations, and all other local, state, and federal laws. Lori's shall obtain and maintain all permits and licenses it requires for the sale of all food, beverages and other concessions offered at the Coffee Kiosk.

D. Use: Lori's shall use the Premises to operate a Lori's Hospital Gift Shop and Coffee Kiosk and may from time to time sell any item designated by Lori's as an approved inventory item or test item or limited time offering for Lori's Gift Shops operating in the U.S.

6. FACILITIES AND SERVICES PROVIDED BY HOSPITAL: District shall pay for and provide:

- A.** All electric and HVAC services to the Premises at no cost to Lori's.
- B.** Repair to the utility systems to the Premises, excluding any repairs necessitated by Lori's, which repairs shall be the responsibility of Lori's.
- C.** All exterior repairs except those caused by any act or omission on the part of Lori's or its officers, members, employees, agents, representatives or independent contractors.

D. Lori's shall bring its trash to District's designated trash dumpster. District shall, at its sole cost and expense, be responsible for having the trash removed from the Hospital.

E. Complete air conditioning and heating system, as required. Lori's acknowledges that Lori's may use the air handlers currently in the Premises.

F. All interior maintenance and repair, including the replacement of light bulbs, tubes and ballast.

7. FACILITIES AND SERVICES PROVIDED BY LORI'S: Lori's shall provide within the Premises:

A. Janitorial service.

B. Devices or registers for recording original sales.

C. All internal decorations, furnishings including Lori's identification signage within the Premises subject to the prior written approval of District, which approval shall not be unreasonably withheld.

D. All special lighting fixtures and connection of utilities to operating equipment.

E. All operating equipment.

8. USE, ALTERATIONS AND IMPROVEMENTS:

A. Lori's shall have the right to use and/or occupy the Premises for the operation of the Gift Shop and the Coffee Kiosk. Lori's shall have the right, during the term of the Lease, to make non-structural alterations and improvements to the Premises or decor from time to time subject to and consistent with the provisions of this Section 8. Lori's may not create any openings in the roof or exterior walls, or make any alterations, additions or improvements to the Premises without the prior written consent of the District. Notwithstanding the foregoing, non-structural alterations, additions or improvements in areas of the Premises which are not visible to customers or the public shall not require District's consent, it being expressly agreed and understood by Lori's however, that any such non-structural alterations, additions or improvements within the Premises requiring the relocation of (i) electrical conduit or electrical outlets, (ii) data lines, (iii) HVAC equipment or duct work, (iv) plumbing lines or drains, or other similar matters shall require the prior written consent of the District. Consent for non-structural alterations, additions or improvements in areas of the Premises visible to customers and the public will not be unreasonably withheld or delayed by the District. Lori's may erect or install Gift Shop trade fixtures and equipment, shelves, bins, and display cases, provided that Lori's complies with all applicable governmental laws, ordinances, codes, and regulations. Lori's may install Coffee Kiosk fixtures and equipment upon obtaining District's prior written permission which permission shall not be unreasonably withheld, provided that Lori's provides reasonable notice to the District and complies with all applicable governmental laws, ordinances, codes, and regulations. At any time during the Term hereof, up to and including the expiration or termination of this Lease, Lori's may, subject to the restrictions of Section 5 (C)(iii) above, remove items installed by Lori's, provided Lori's is not in default at the time of the removal and provided further that Lori's repairs,

at the time of removal of the items, in a good and workmanlike manner, any damage caused by the installation or removal of the items. Lori's shall pay for all costs incurred or arising out of alterations, additions or improvements in or to the Premises and will not permit any mechanic's or materialman's lien to be filed against the Premises. Upon request by District, Lori's shall deliver to District proof of payment reasonably satisfactory to District of all costs incurred or arising out of any alterations, additions or improvements.

B. Future District Renovations: Lori's understands and agrees that District, in its sole discretion, may undertake improvements to the first floor of the Hospital or the Pavilion, including some or all of the Premises during the Term hereof ("**Hospital or Pavilion Improvements**"). In the event District conducts such Hospital or Pavilion Improvements, and to the extent the leased square footage of the Premises is reduced, the Base Rent will be adjusted proportionately. To the extent any portion of the Premises is designated as common area by District, proportionate expenses for maintenance of such common area will be charged to Lori's. In the event any such Hospital or Pavilion Improvements reduces the square footage of the Premises, Lori's shall have the right, upon one hundred eighty (180) days written notice to District, to terminate the Lease. District agrees to provide Lori's with two hundred seventy (270) days written notice of District's plans to conduct any such Hospital or Pavilion Improvements.

9. ASSIGNMENT AND SUBLETTING: Notwithstanding anything to the contrary contained in the Lease, Lori's may not sublease or assign this Lease to another party. Notwithstanding the foregoing, Lori's may, without the consent of District, sublease this Lease to a franchisee of Lori's. Lori's shall remain liable for the payment of all rent and the performance of all of Lori's obligations under the Lease.

10. LORI'S COVENANTS: Lori's covenants and agrees that during the Term of this Lease and for such further time as Lori's, or any person claiming under it, shall hold the Premises or any part of the Premises:

A. Rent: To pay the rent on the days and in the manner aforesaid.

B. Liens: Not to suffer the Premises at any time during the Term to become subject to any lien, charge or encumbrance whatsoever, and to indemnify and hold District harmless from and against all such liens, charges and encumbrances; it being expressly agreed that Lori's shall have no authority express or implied to create any lien, charge or encumbrance, upon the District or the Premises.

C. Repairs: To keep Lori's improvements installed upon the Premises in good condition and repair. Upon the termination of this Lease, either by lapse of time or otherwise, Lori's shall surrender, yield and deliver up the Premises in such condition as it shall then be, less normal wear and tear.

D. Insurance:

- (i) At its own expense to insure and keep insured Lori's improvements on the Premises against loss or damage by fire and by extended coverage for not less than one hundred percent (100%) of their actual cash value in responsible insurance companies licensed in the State of Texas, with no less than a "A+" financial rating

as set by Best's Key Rating Guide, such insurance to be made payable in case of loss to Lori's. Lori's further covenants and agrees that it will, at all times during the term of this Lease, at its own expense, maintain and keep in force for the mutual benefit of District and Lori's general public liability insurance against claims for personal injury, death or property damage occurring in, on or about the premises to afford protection to the limit of not less than One Million Dollars (\$1,000,000.00) for bodily injury and property damage per occurrence. Lori's shall deliver to District a certificate of such insurance and of renewals prior to commencement of business and as required by the District from time to time during the term of this Lease. Each policy shall contain a provision that it may not be cancelled without thirty (30) days prior written notice to District. Lori's shall name District as an additional insured on its policies.

- (ii) Lori's shall, at all times, maintain worker's compensation insurance in accordance with the laws of Texas. The insurer shall agree to waive all rights of subrogation against the District, its officers, employees and volunteers.

E. Access to the Premises: Subject to the District's rules and regulations governing the use of the Hospital and/or the Pavilion, Lori's, its agents and servants, patrons and invitees, and its suppliers of service, and furnishers of materials, shall have right of ingress and egress to and from the Premises.

F. Sprinklers: If the sprinkler system, or any of its appliances shall be damaged or injured or not in proper working order by reason of any act or omission of Lori's, Lori's agents, servants, employees, licensees or visitors, Lori's shall restore the sprinkler system to good working condition at its own expense.

G. Signs: Lori's agrees not to install any exterior storefront signage until it has been approved by District. Lori's may install such interior signage within the Premises as Lori's deems appropriate. The District shall not have approval rights over any menu boards, points of sale signage or promotional signage within the Premises.

H. Taxes: Lori's shall pay all taxes and other costs lawfully assessed against its leasehold interest in the Premises, its improvements and its operations under the Lease provided, however, that Lori's shall not be deemed to be in default of its obligations under this Lease for failure to pay such taxes pending the outcome of any legal proceedings instituted to determine the validity of such taxes.

I. Rules and Regulations: Lori's and Lori's agents, employees and licensees shall comply with the terms and conditions of any rules and regulations as they may from time to time be established or amended by the District for the Hospital and the Pavilion.

J. Operation and Staffing:

- (i) **Staffing.** Lori's shall hire and compensate a sufficient number of Lori's employees to serve the patrons of the Gift Shop and the Coffee Kiosk during their hours of operation. At no time shall Lori's rely solely on employees of other entities nor on District volunteers for staffing of the Gift Shop and/or the Coffee Kiosk.

- (ii) **Volunteers.** At its discretion, District may permit its volunteers, in coordination with Lori's to serve in the Gift Shop or the Coffee Kiosk. In such a case, volunteers will always be supported by paid Lori's staff. Management of volunteers serving in the Gift Shop or the Coffee Kiosk shall be the responsibility of District's Director of Volunteer Services or other designate of similar responsibility. District agrees to work with the Gift Shop or the Coffee Kiosk Manager to schedule volunteer shifts.
- (iii) **Background Checks.** Lori's shall conduct, at its own cost, a criminal background check for each of its Gift Shop and Coffee Kiosk employees. District shall, at its own cost, provide any additional testing or requirements, including but not limited to social security, sex offender registry, credit checks, physical, medical history, or immunology.
- (iv) **Replacement of Personnel.** In the event District is dissatisfied with the performance of any Lori's employee providing services in the Gift Shop or the Coffee Kiosk, and upon notice to Lori's, Lori's will investigate the matter and cooperate with District in addressing its concerns and take appropriate action, including, if necessary and reasonable, replacing such personnel.
- (v) **Non-Hire Clause.** District agrees that it shall not hire, without written permission from Lori's, any employees of Lori's for 12 months after either: (a) employee's termination from Lori's for any reason; or (b) termination of this Agreement.

K. Non-Discrimination: Lori's for itself, its personal representatives, successors in interest and assigns, as a part of the consideration for this Lease covenants and agrees that:

- (i) No person shall be subjected to discrimination in the use of the services provided by Lori's within the Premises on the grounds of race, sex, disability, age, religion, color or national origin.
- (ii) That in the construction of any improvements in the Premises, and the furnishings of services thereon, no person shall be subjected to discrimination on the grounds of race, sex, disability, age, religion, color or national origin.

L. Compliance with Laws. Lori's shall comply with all present and future governmental laws, ordinances and regulations applicable to the use of the Premises, and will promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances and other activities in or upon, or connected with the Premises, all at Lori's sole expense, including any expense or cost resulting from the construction or installation of fixtures and improvements or other accommodations for handicapped or disabled persons required for compliance with governmental laws and regulations, including but not limited to the Texas Architectural Barriers law (Article 9102 and any successor statute) and the Americans with Disabilities Act (the "ADA"). To the extent any alterations to the Premises are required by the ADA or other applicable laws or regulations, Lori's shall bear the expense of the alterations unless said alterations the alterations are required due to work performed or caused to be performed by District, in which case District shall bear the expense of the alterations. To the extent any

alterations to areas of the Hospital and/or the Pavilion outside the Premises are required by the ADA or other applicable laws or regulations (for “path of travel” requirements or otherwise), District shall bear the expense of the alterations.

M. Payroll Deduction. The District recognizes that payroll deduction for employee purchases (“**Payroll Deduction**”) has been shown to generate additional sales in hospital gift shops. Taking into consideration (i) the limitations inherent in coordinating the District’s and Lori’s data processing needs and requirements, (ii) the limitations imposed by employee privacy issues, and (iii) the requirements of applicable District Policies adopted by the District’s Board of Managers, the District agrees to work with Lori’s toward offering Payroll Deduction pursuant to terms and conditions mutually agreeable between the Parties hereto.

11. DISTRICT’S COVENANTS: District makes the following covenants and warranties to Lori’s:

A. Repairs and Maintenance: That District shall maintain and keep in good repair and clean condition the exterior of the Hospital building and the Pavilion, common areas and parking areas, if any. District shall promptly comply with all present and future laws, orders and regulations of all federal, state, and local governments, departments, commissions, and boards regarding the maintenance, repair or alteration of the buildings.

B. Building Code Violations: That, if there are any building code violations on the exterior of the Hospital, the Pavilion, or any portion of the Hospital building or the Pavilion not leased to Lori’s, which violations would affect Lori’s receipt of any necessary approvals for the work Lori’s intends to perform within the Premises or which would prevent Lori’s from obtaining a Certificate of Occupancy upon completion of its work, or which would at any time prevent or hinder the Lori’s business operations within the Premises, District will promptly commence the removal of such violations and complete such removal of violations within a reasonable time or at District’s option, District may terminate this Lease, in which case District agrees that District will reimburse Lori’s the net book value of its improvements within sixty (60) days of the termination of this Lease.

C. Possession: That Lori’s shall have sole and actual possession of the Premises, free and clear of all tenancies, whether oral or written, upon the Commencement Date.

D. Utilities: In the event that the utility service is interrupted to the Premises due to the need for maintenance and repair to the utility lines, District shall immediately commence the restoration and repair of the lines and conduits in order that such utility service be resumed at the earliest possible time.

E. Trash and Delivery Areas: District agrees throughout the Term hereof to provide adequate designated trash and designated delivery areas reasonably adjacent to the Premises.

F. Covenant of Title and Quiet Enjoyment: Subject to the terms, covenants and provisions of this Lease, including: (i) the District’s potential taking of some or all of the Premises as contemplated in Section 8(B); (ii) the payment by Lori’s of all Rent and other charges due under this Lease and (iii) the observance and performance by Lori’s of all the terms, covenants, and

provisions hereof, Lori's shall peaceably and quietly hold and enjoy the Premises for the Term without interruption by District.

G. District acknowledges that Lori's is relying upon District's covenants, representations and warranties as set forth in this Section 11 in executing this Lease and that matters so represented and warranted are material ones. Lori's shall give District 10 days written notice to cure or commence to cure if such default or breach cannot be cured within said 10 days and if District fails to cure or commence to cure then District, accordingly, agrees that any breach of warranty or misrepresentation shall be grounds for Lori's to elect, at its sole option, to terminate this Lease. These remedies are in addition to all other remedies Lori's may have in law or equity.

12. CONDEMNATION: In the event of a total or partial condemnation of the Hospital building, the Pavilion, or the Premises which, in Lori's reasonable opinion, interferes with Lori's ability to continue in business, Lori's shall have the right to terminate this Lease upon written notice to District within thirty (30) days of the date of title vesting in the condemning authority.

13. TERMINATION: Lori's agrees that District shall have the right to terminate this Lease without cause at any time prior to the expiration of the term of this Lease by giving Lori's thirty (30) days' prior written notice of such termination. Lori's agrees that District shall also have the right to terminate this Lease prior to the expiration of the term of this Lease in any of the following events:

A. Upon the neglect or refusal of Lori's, within thirty (30) days after receiving written notice from District of Lori's failure (i) to commence performance of any term, covenant, provision or other obligation under this Lease, and/or (ii) to attempt to correct or remedy conditions existing on the premises which are unsatisfactory to District, insofar as they relate to attractiveness, cleanliness, efficiency, courtesy, safety and sanitation of the facilities installed.

B. Lori's bankruptcy and failure to ratify the Lease within ninety (90) days.

C. District ceases to operate Hospital and the Pavilion as a public hospital. In such case, District agrees to reimburse Lori's for the net book value of Lori's improvements within 60 days of the termination of this Lease.

14. DEFAULT AND REMEDIES:

A. Default. Each of the following events is an event of default under this Lease:

- (i) Failure of Lori's to pay any installment of the Rent or other sum payable to District under this Lease on the date that it is due and the continuance of that failure for a period of ten (10) days after District delivers written notice of the failure to Lori's. This clause will not be construed to permit or allow a delay in paying Rent beyond the due date and will not affect District's right to impose a Late Charge as permitted in Section 3(D).
- (ii) Failure of Lori's to comply with any term, covenant or provision of this Lease, other than the payment of Rent or other sum of money, and the continuance of that failure for a period of thirty (30) days after District delivers written notice of the

failure to Lori's (unless such default cannot reasonably be cured within said thirty (30) days in which event Lori's shall not be deemed in default hereunder if Lori's shall have commenced to cure said default promptly within such thirty (30) day period and diligently pursues such cure to completion.

- (iii) Vacancy or abandonment by Lori's of any substantial portion of the Premises or cessation of the use of the Premises for the purpose leased (except for temporary closings of reasonable duration for repairs, force majeure, or damage and destruction, or as otherwise provided under this Lease).

B. Remedies. Upon the occurrence of any of the events of default beyond the applicable notice and cure period listed in Section 14A, District may pursue any one or more of the following remedies without any prior notice or demand.

- (i) Terminate this Lease, in which event Lori's shall immediately surrender the Premises to District. If Lori's fails to so surrender the Premises, District may, without prejudice to any other remedy that District may have for possession of the Premises or Rent in arrears, enter upon and take possession of the Premises and expel or remove Lori's and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim for damages. Lori's shall pay to District on demand the amount of all reasonable loss and damage that District may suffer by reason of the termination, whether through inability to relet the Premises on satisfactory terms or otherwise, except that all rental elements of such damages shall be paid monthly as they become due.
- (ii) Enter upon and take possession of the Premises, without terminating this Lease and without being liable for prosecution or for any claim for damages, and expel or remove Lori's and any other person who may be occupying the Premises or any part thereof District may relet the Premises and receive the rent therefor. Lori's agrees to pay to District monthly or on demand from time to time (but in any event not more frequently than monthly) any deficiency that may arise by reason of any such reletting, should a deficiency exist. In determining the amount of the deficiency, the professional service fees, reasonable attorneys' fees, court costs, remodeling expenses and other reasonable costs of reletting will be subtracted from the amount of rent received under the reletting.
- (iii) In addition to the foregoing remedies, District may change or modify the locks on the Premises if Lori's fails to pay the Rent when due and such failure continues after any applicable notice and cure period. District will not be obligated to provide another key to Lori's or allow Lori's to regain entry to the Premises unless and until Lori's pays District all Rent that is delinquent. Provided Lori's fails to cure such default within the applicable notice and cure period, Lori's agrees that District will not be liable for any damages resulting to the Lori's from the lockout. When District changes or modifies the locks, District or District's agent shall post a written notice in accordance with Section 93.002 of the Texas Property Code, or its successor statute. Lori's may be subject to legal liability if Lori's or Lori's

representative tampers with any lock after the locks have been changed or modified by District.

- (iv) No re-entry or taking possession of the Premises by District will be construed as an election to terminate this Lease, unless a written notice of that intention is given to Lori's. Pursuit of any of the foregoing remedies will not preclude pursuit of any other remedies provided by law, nor will pursuit of any remedy provided in this Lease constitute a forfeiture or waiver of any Rent due to District under this Lease or of any damages accruing to District by reason of the violation of any of the terms, provisions and covenants contained in this Lease. Failure of District to declare any default immediately upon its occurrence, or failure to enforce one or more of District's remedies, or forbearance by District to enforce one or more of District's remedies upon an event of default, will not be deemed or construed to constitute a waiver of default or waiver of any violation or breach of the terms of this Lease. Pursuit of any one of the remedies will not preclude pursuit by District of any of the other remedies provided in this Lease. The loss or damage that District may suffer by reason of termination of this Lease or the deficiency from any reletting as provided for above will include the expense of repossession and any repairs or remodeling undertaken by District following possession.
- (v) Notwithstanding the foregoing, Landlord shall have a duty to mitigate damages in the event of a default by using reasonable efforts to relet the Premises. All trade fixtures, machinery, equipment, signs and other features of Lori's shall be and remain the sole property of Lori's Gifts, Inc. and shall not be subject to liens by Landlord.

15. LORI'S RIGHT TO TERMINATE: Lori's may terminate this Lease at any time by serving written notice on District and by delivering to District an executed termination agreement suitable for recording. In such event, this Lease shall terminate six (6) months after the date of the notice. Subject to Section 4(iii) of this Lease, in the event Lori's exercises its above right to terminate the Lease, Lori's shall have no further rights, duties or obligations under this Lease except that all rents, taxes and other monetary obligations that have been prepaid by either Party shall be prorated for the applicable period. All improvements located on the premises on the date of the notice shall become the property of District, except that Lori's shall have the right to remove trade fixtures, machinery, equipment, furnishings, signs and distinctive features of Lori's from the premises. Lori's agrees to promptly repair any damage done to the building by the removal of the aforementioned items.

16. HOLDING OVER: In the event Lori's continues to occupy the Premises after the last day of the Term, or after the last day of any extension of the Term, and District elects to accept rent thereafter, a tenancy from month to month only shall be created and not for any longer period.

17. DAMAGE TO OR DESTRUCTION OF IMPROVEMENTS:

A. If the Hospital building or the Pavilion is damaged or destroyed by fire or any other cause to the extent of less than 50% of either the insurable value of the Hospital, the Pavilion, or of the Premises, District, shall, within a reasonable time from the date of the damage or destruction,

commence to repair or replace the Hospital or the Pavilion so that Lori's may continue in occupancy, and the repairs and/or replacements shall be completed within a reasonable time thereafter. It is further agreed, however, that the rent required to be paid under this Lease shall abate during any period of untenantability.

B. It is agreed by the Parties that if either the Hospital, the Pavilion, or the Premises cannot be repaired within sixty (60) days after such damage, due to the inability of either Party to obtain materials or labor needed, strikes or acts of God or governmental restrictions that would prohibit, limit or delay the construction, then the time for completion of the repairs shall be extended accordingly; provided, however, that in any event, if the repair of the Hospital or the Pavilion has not been completed within a period of one hundred twenty (120) days from the date of damage or destruction, either Party may at its option terminate this Lease.

C. In the case of any damage or destruction of the Hospital, the Pavilion, or of the Premises to the extent of fifty percent (50%) or more of either the insurable value of the building or of the Premises, Lori's may by the delivery of written notice to District within thirty (30) days after the occurrence of such damage or destruction, elect to terminate this Lease as of the date of such damage or destruction.

18. WAIVER OF CLAIMS AND SUBROGATION:

A. To the extent permitted by law, each Party agrees to hold the other, its agents, contractors and employees harmless and to indemnify the other Party against all claims, liability and costs (including, but not limited to, attorney's fees and costs) for injuries to all persons and for damage to or the theft, misappropriation or loss of all property occurring in the Premises, Pavilion, or the Hospital due to the failure of such indemnifying party, its agents, servants or employees to keep the Premises, Pavilion, or the Hospital in safe condition.

B. Lori's and District waive any and every claim which arises or may arise in their favor and against the other Party during the Term of this Lease or any renewal or extension of this Lease for any and all loss of, or damage to, the Premises, the Pavilion, the Hospital, or any of its property located within or upon, the Premises, the Pavilion, or the Hospital, which loss or damage is covered by valid and collectible fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under such insurance policies. This waiver shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to, the property of District. Inasmuch as the above waiver will preclude the assignment of any such claim, by subrogation or otherwise, to an insurance company (or any other person), District and Lori's agree immediately to give to each insurance company which has issued policies of fire and extended coverage insurance, written notice of the terms of such waiver, and to have such insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverage by reason of such waiver.

C. Lori's shall indemnify and hold harmless District from any and all claims, demands, suits, action, judgments and recoveries for or on account of damage or injury (including injury resulting in death) to the property or person of Lori's, its customers, agents and servants, or District, its agents and servants, or any other persons, except for the negligence or intentional acts

of District or its agents, caused by or due to the maintenance or operation of the Coffee Kiosk or the Gift Shop and the occupancy of the Premises.

19. CONSENT: Where District's consent is required under this Lease, such consent shall not be unreasonably withheld, and a demand for additional rent or modification of the terms of this Lease shall be deemed unreasonable.

20. MEMORANDUM OF LEASE: Upon the request of either Party, District and Lori's agree to execute, acknowledge and record a short form memorandum of this Lease. The cost of all documentary stamps or conveyancing or transfer taxes and recording fees shall be paid for by the Party requesting recording.

21. CONFIDENTIALITY AGREEMENT: To the extent permitted by law, District and Lori's shall hold this Lease confidential except to the extent that disclosure may be required by law or auditing or accounting standards or procedures, or in connection with a sale or transfer or financing of the Hospital.

22. MISCELLANEOUS PROVISIONS:

A. Invalidity: If any term or provision of this Lease or the application of any term or provision of this Lease to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons whose circumstances are other than those to which it is held invalid or unenforceable, shall not be affected thereby.

B. Successors: The terms, conditions and covenants of this Lease shall be binding upon and shall inure to the benefit of each of the Parties to this Lease, their heirs, personal representatives, successors or assigns, and shall run with the land.

C. Modifications: No waivers, alterations or modifications of this Lease or any agreements in connection therewith shall be valid unless in writing duly executed by both District and Lori's.

D. Construction: The captions appearing in this Lease are inserted only as matter of convenience and in no way define, limit, construe or describe the scope or intent of such paragraphs of this Lease or in any way affect this Lease. Any gender used in the Lease shall be deemed to refer to any other gender more grammatically applicable to the Party to whom such use of gender relates. The use of singular in this Lease shall be deemed to include the plural and, conversely, the plural shall be deemed to include the singular.

E. Notice: Any notice required or permitted to be delivered in connection with this Lease must be in writing and may be given by certified or registered mail, hand delivery or by overnight courier and shall be deemed to be received (a) if given by certified or registered mail, three days after when deposited in the United States mail, postage prepaid, certified mail, return receipt requested or (b) if given by hand delivery, when such notice is received by the Party to whom it is addressed, or (c) if given by an overnight courier or delivery service, when delivered by such courier. Notices shall be sent to District or Lori's at the address set forth below and contain

specific reference to this Lease. Any Party shall have the right to change its address by giving five (5) days' written notice to the other Party.

Notices to District shall be sent to:

Tarrant County Hospital District d/b/a JPS Health Network
Attn: Karen Duncan
1500 South Main Street
Fort Worth, Texas 76104

With a copy to:

Tarrant County Hospital District d/b/a JPS Health Network
Attn: Chief Legal Counsel
1500 South Main Street
Fort Worth, Texas 76104

Notices to Lori's shall be sent to:

Lori's Gifts, Inc. Store 435
8400 Belview Drive, Suite 255
Plano, TX 75024
Attn: Chief Financial Officer

All billing statements concerning rent shall be sent to:

Lori's Gifts, Inc. Store 435
P.O. Box 841124
Dallas, TX 75284-1124
Attn: Chief Financial Officer

F. Legal Fees: To the extent permitted by law, in the event that at any time during the term of this Lease either District or Lori's shall institute any action or proceeding against the other relating to the provisions of this Lease, or any default under this Lease, then, and in that event, the unsuccessful Party in such action or proceeding agrees to reimburse the successful Party for the reasonable expenses of attorney's fees and disbursements incurred therein by the successful Party.

G. Additional Rent/Percentage Rent: Wherever there is reference in this Lease to the collection of charges as "additional rent," such term is used solely to designate District's remedies in the event of default and not to define such term as rent for any local or state tax purposes. The agreement by Lori's to pay percentage rent, if any, shall not in any way imply Lori's agreement to, or the existence of any radius restriction or restrictive covenant.

H. Force Majeure: If there shall occur any strikes, lock-outs or labor disputes, inability to obtain adequate sources of energy, labor or materials or reasonable substitutes therefore, acts of God, governmental restrictions, regulations, orders, guidelines or programs,

enemy or hostile governmental action, riot, civil commotion, fire or other casualty or any other conditions, whether similar or dissimilar to those enumerated above, which are beyond the reasonable control of any Party to this agreement and not due to the fault or negligence of such Party, such conditions shall be deemed “**Unavoidable Delays**”. In the event either Party shall, as a result of any Unavoidable Delay, fail to punctually perform any obligation specified in this agreement and give written notice to the other Party of such Unavoidable Delay within ten (10) days of their occurrence, then such failure shall not be deemed a breach or default; and the applicable time periods in which to perform shall be extended but only to the extent and for the period occasioned by such Unavoidable Delay.

I. Law & Venue: This Lease shall be governed and construed in accordance with Texas law and the venue of any lawsuit arising from this Lease shall be in Tarrant County, Texas.

J. Fiscal Funding: Lori’s hereby acknowledges and agrees that District is a governmental entity, subject to an annual budgetary process and restrictions on spending in conformity with that process, its approved budgets, and applicable law. Lori’s further agrees that, notwithstanding any other language in this Lease, if for any reason funds are not expressly and specifically allocated to cover District’s prospective obligation in this Lease in its formally and finally approved budget in any fiscal year subsequent to that in which funds for this Lease were first allocated, the District may immediately and without penalty terminate this Lease; provided, however, that in no event shall such a termination be effective earlier than the last date for which funds have already been so allocated under an existing formally and finally approved budget. Should this Lease terminate under the provisions of this Section, District will provide Lori’s with written Notice as soon as is reasonably possible of the pending termination under this provision, the effective date of which shall be at the end of the District’s fiscal year in which funds had previously been allocated. Notwithstanding anything to the contrary in this subsection 23.J, if Lori’s elects to pay for the utilities or other services otherwise provided by the District, then this Lease shall not terminate and will remain in effect until the Expiration Date. In the event Lori’s elect to pay for the utilities or other services, Lori’s shall have the immediate right to offset any and all such amounts from the payment of rent and any other sums due District.

K. District represents, covenants and warrants to Lori’s that (a) subject to approval hereof by the District’s Board of Managers the Tarrant County Commissioners Court, District has full right and authority to enter into and perform this Lease and to grant the estate herein, (b) the execution of this Lease by District does not violate or breach the terms or provisions of any other agreement to which District is a party, and (c) District is well seized of and has good title to the Hospital building, Pavilion, and Premises free and clear of all liens, encumbrances, tenancies and restrictions.

(THIS SPACE INTENTIONALLY LEFT BLANK)

DISTRICT:

TARRANT COUNTY HOSPITAL DISTRICT D/B/A JPS HEALTH NETWORK

By: _____
Name: Karen Duncan
Title: President and CEO

Date of Execution: _____

LORI'S:

Lori's Gifts, Inc.

By: _____
Name: Maja Teeples
Title: Chief Financial Officer

Date of Execution: _____

EXHIBIT "A-1"

To

Commercial Lease Agreement by and between
Tarrant County Hospital District d/b/a JPS Health Network and Lori's Gifts, Inc.

Legal Description for Hospital

Lot 1, Block 1, John Peter Smith Site, an Addition to the City of Fort Worth,
Tarrant County, Texas, according to the revised plat recorded in Volume
388-2 14, Page 99, Plat Records, Tarrant County, Texas.

EXHIBIT "A-2"

To

Commercial Lease Agreement by and between
Tarrant County Hospital District d/b/a JPS Health Network and Lori's Gifts, Inc.

Legal Description for Pavilion

Lot A-2-R, Block T, Rosedale Addition, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the revised plat recorded in Cabinet A, Slide 10768, Plat Records, Tarrant County, Texas.

EXHIBIT "B-1"

To

Commercial Lease Agreement by and between
Tarrant County Hospital District d/b/a JPS Health Network and Lori's Gifts, Inc.

Location of the Gift Shop

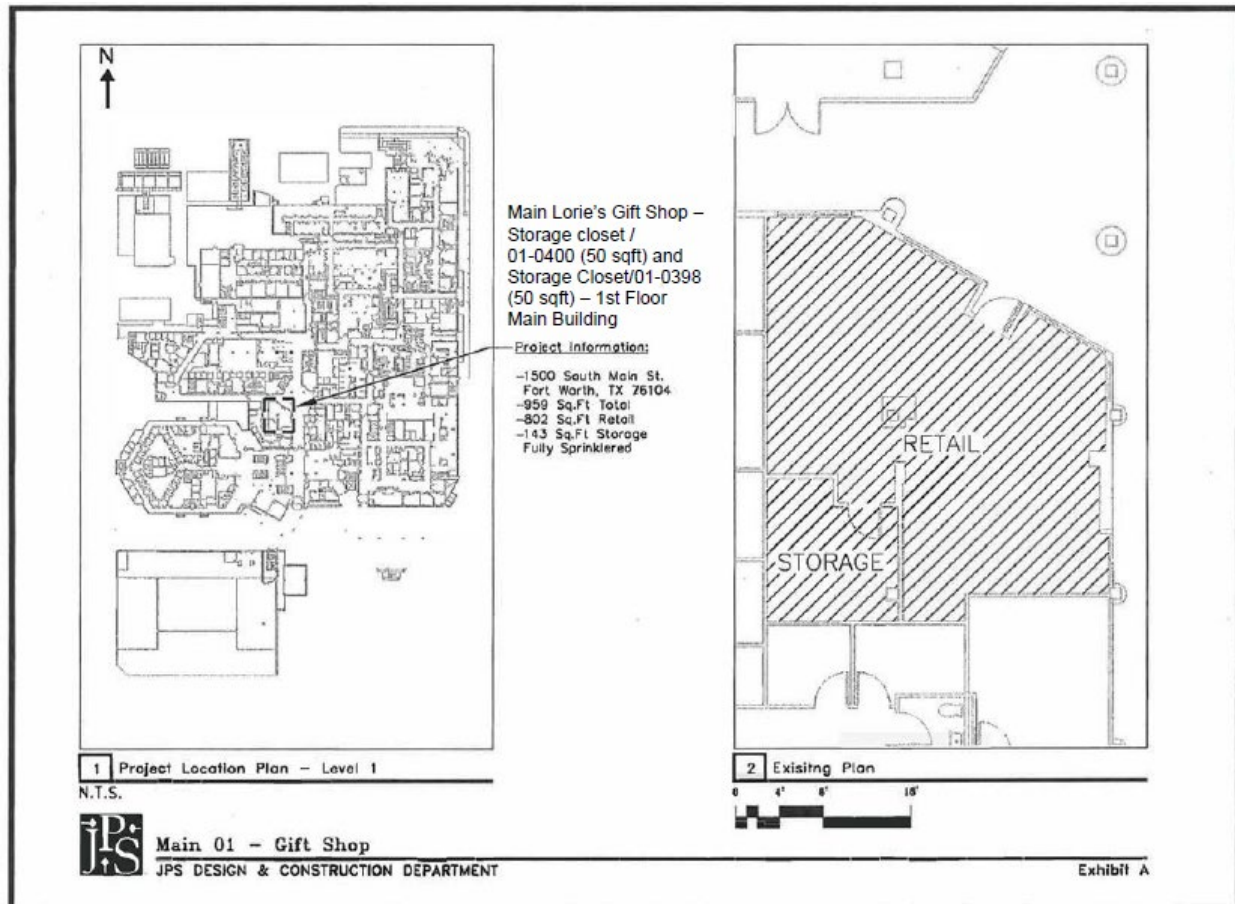
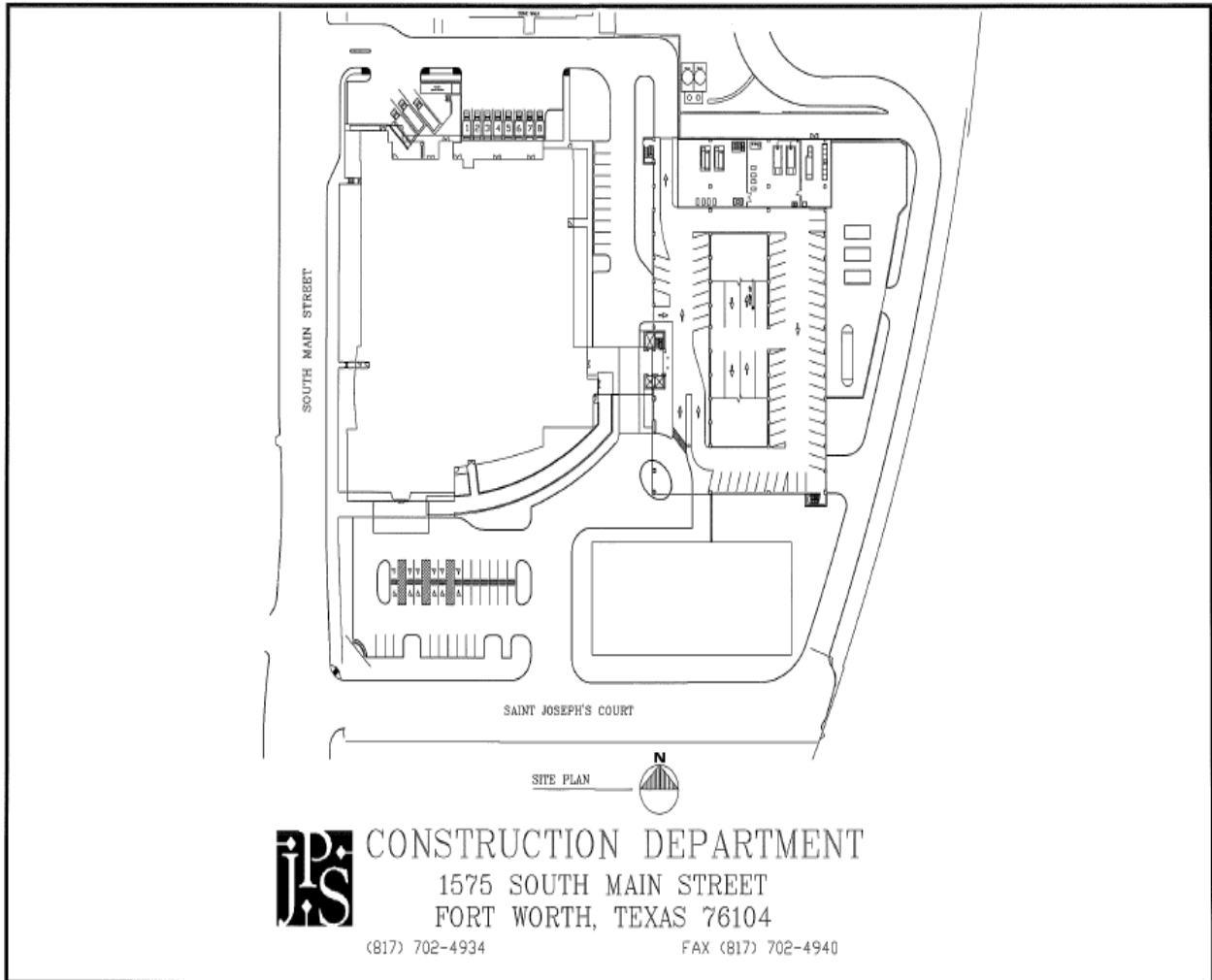


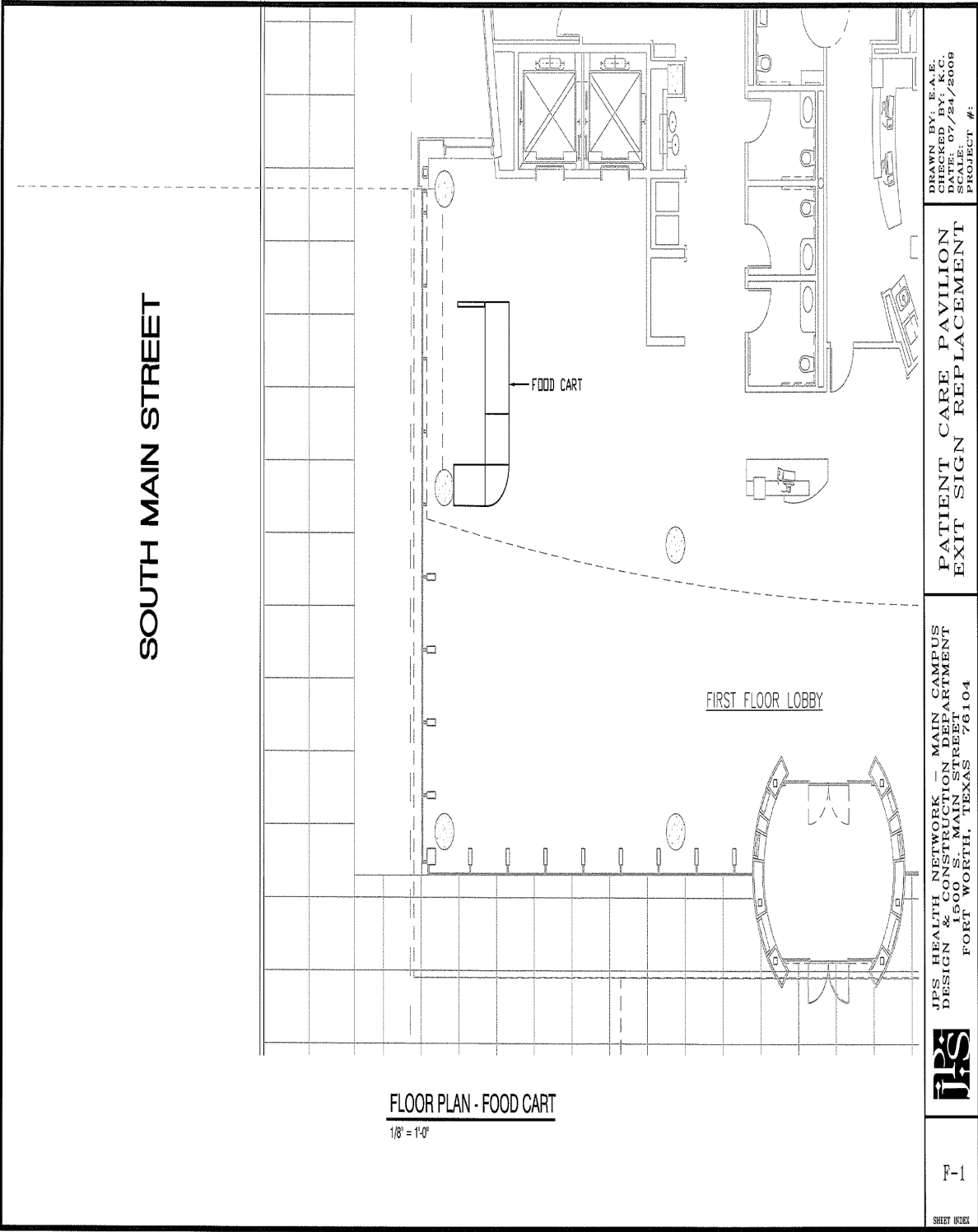
EXHIBIT "B-2"


To

Commercial Lease Agreement by and between
Tarrant County Hospital District d/b/a JPS Health Network and Lori's Gifts, Inc.

Location of the Coffee Kiosk





	JPS HEALTH NETWORK - MAIN CAMPUS DESIGN & CONSTRUCTION DEPARTMENT 1000 SOUTH MAIN STREET FORT WORTH, TEXAS 76104	PATIENT CARE PAVILION EXIT SIGN REPLACEMENT	DRAWN BY: E.A.E. CHECKED BY: K.G. DATE: 07/24/2009 SCALE: PROJECT #:

F-1
SHEET INDEX