# STATE OF FLORIDA COUNTY OF ESCAMBIA

#### **GROUND LEASE**

THIS GROUND LEASE (this "Lease") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2018 (the "Effective Date") by and between the CITY OF PENSACOLA, a Florida municipal corporation ("Lessor"), whose address is 222 W. Main Street, Pensacola, Florida 32502 and SEVILLE HARBOUR, INC., a Florida corporation ("Lessee"), whose address is 850 South Palafox Street, Suite 102, Pensacola, Florida 32502. Lessor and Lessee are collectively referred to herein as the "Parties".

#### WITNESSETH:

WHEREAS, Lessor is the fee simple owner of that certain parcel of land the City of Pensacola, Escambia County, Florida described in Exhibit "A" attached hereto and incorporated herein by reference (the "Leased Premises"); and

WHEREAS, Lessee desires to lease the Leased Premises from Lessor for the construction, use and operation of certain buildings and improvements described hereinbelow; and

WHEREAS, Lessor is willing to lease the Leased Premises to Lessee, and Lessee is willing to lease the Leased Premises from Lessor, for the purposes, upon the terms and subject to the conditions set forth in this Lease;

NOW, THEREFORE, for and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the covenants and conditions set forth below, the Parties mutually agree, each for itself and its successors, as follows:

1. LEASED PREMISES. Lessor hereby leases the Leased Premises to Lessee and Lessee hereby leases and rents the Leased Premises from the Lessor upon the terms and subject to the conditions of this Lease. Notwithstanding anything in this Lease to the contrary, the Leased Premises are leased subject to the following:

- (a) All matters appearing in the public records of Escambia County, Florida;
- (b) All matters of which Lessee has actual knowledge or constructive knowledge as a matter of law;
- (c) Any state of facts which an accurate survey or physical inspection of the Leased Premises would show;

- (d) All zoning laws, ordinances, resolutions, restrictions, rules and regulations, building and use restrictions and other laws, rules and regulations now in effect or hereafter adopted by any governmental authority having jurisdiction, including but not limited to the City of Pensacola acting in its governmental capacity;
- (e) Easements heretofore or hereby granted to or reserved by the City of Pensacola for sidewalks, roads, drives and utilities, if any, located on, over, under or across the Leased Premises; and
- (f) All the terms, covenants, conditions and other provisions of this Lease.

2. USE OF PREMISES. Lessee may use the Leased Premises only for a residential condominium building, provided that the ground floor of such building may include restaurant, office and/or retail sales uses. No other use shall be made of the Leased Premises or any part thereof without the prior written consent of Lessor. Nothing in this Lease shall relieve Lessee of any obligation under any applicable rule, regulation, code, ordinance, statutes and law of the United States, the State of Florida, Escambia County or the City of Pensacola, or any department, agency or political subdivision of any of them.

#### 3. IMPROVEMENTS.

Prior to the end of the Construction Period (hereinafter defined) Lessee (a) shall, at its sole cost and expense, construct the following described improvements on the Leased Premises, to-wit: a mixed use residential and commercial building, as more particularly described by the plans and specifications approved by the Lessor pursuant to this Section 3 (collectively, the "Initial Improvements"). The Construction Period shall commence upon issuance of the Building Permit and satisfaction of the contingencies provided in Section 5(a), and shall expire thirty (30) full calendar months thereafter (the "Construction Period"); provided that the Construction Period may be extended if and to the extent that the completion of the Initial Improvements is delayed solely due to Force Majeure (as defined in Section 15 below). The Lessee shall commence construction of the Initial Improvements within six (6) full calendar months after issuance of the Building Permit and satisfaction of the contingencies provided in Section 5(a), and shall diligently and continuously prosecute such construction until full and final completion. The Initial Improvements shall be substantially complete no later than the last day of the Construction Period and shall be fully complete no later than sixty (60) days after substantial completion. The date of substantial completion shall be the last to occur of (1) the date upon which the Initial Improvements are ready and available for occupancy for the use permitted by Section 2 or (2) the date of issuance of an unconditional, permanent certificate of occupancy for the Initial Improvements. For purposes of this Lease, construction shall be deemed to have commenced upon the pouring of the

footers or the sinking of pilings, as the case may be, for the foundation of the Initial Improvements, and construction shall be deemed to have been completed upon the full completion of all of the Initial Improvements in accordance with the plans and specifications approved by the Lessor (subject only to normal punch list items) and the issuance of all final governmental permits and unconditional certificates of occupancy required for the full and lawful use and occupancy of the Improvements for the purposes permitted by Section 2 above.

The Initial Improvements and all other buildings and improvements (b) (including without limitation landscaping and signage) constructed or placed on the Leased Premises at any time and from time to time during the Term of this Lease are referred to in this Lease as the "Improvements". Lessee shall not construct, alter, remove or demolish any Improvements, in whole or in part, without first having obtained the written approval of Lessor, which approvals shall not be unreasonably withheld, conditioned or delayed. No Improvements shall be constructed, altered, removed or demolished except in strict accordance with architectural design, site plan, construction contracts, construction budget, construction schedule and plans and specifications approved in writing by Lessor prior to commencement of such work, such approvals not to be unreasonably withheld, conditioned or delayed; provided, however, that the approvals of Lessor required by this paragraph shall not be deemed to be any acknowledgement by the City of Pensacola that such plans and specifications, other approved items or the proposed Improvements or other work complies or will comply with applicable laws, codes, ordinances and regulations and shall not relieve Lessee from obtaining all City of Pensacola authorizations, permits and approvals required by applicable laws, codes, ordinances and regulations, all of which shall be obtained prior to commencement of construction, alteration, removal or demolition of any Improvements. Without limiting the generality of the foregoing, the approvals of Lessor required by this Section shall be conditioned upon the provision of payment and performance bonds in favor of and satisfactory to Lessor in accordance with paragraph (d) below; and all Improvements shall comply with the federal Americans with Disabilities Act and all regulations thereunder.

(c) Lessee shall be solely responsible for payment of all hard and soft costs of construction, alteration, removal and demolition of any Improvements and, prior to commencement of any work on Improvements, Lessee shall provide Lessor with reasonably satisfactory evidence of Lessee's ability to pay the costs of such work as and when due. Lessee shall cause all work and Improvements on the Leased Premises to be performed and constructed with new materials and in a good and workmanlike manner, pursuant to valid building permits and in conformance with this Lease, all applicable federal, state, county and municipal laws, rules and regulations, and Lessor's reasonable construction rules and regulations. Lessee shall indemnify, defend and hold Lessor free and harmless from all liens and claims of lien, and all other liability, claims and demands arising out of any work done or material supplied to the Leased Premises by or at the request of Lessee. All Improvements (expressly excluding, however, movable office furniture and trade fixtures, and trade equipment) shall be deemed to be a part of the real estate, and title to all such Improvements shall vest in

Lessor immediately upon substantial completion thereof, subject to this Lease. All Improvements shall remain upon and be surrendered with the Leased Premises in good condition, appearance and repair, normal wear and tear excepted, upon the termination of this Lease. Except to the extent otherwise provided in paragraph (a) above with respect to the Initial Improvements, upon commencement of any permitted construction, alteration, removal or demolition, Lessee shall thereafter diligently and continuously prosecute such work to completion within a reasonable time.

(d) Prior to commencement of any work on Improvements, Lessee shall provide to the Lessor payment and performance bonds obtained by each general contractor of Lessee ensuring performance of that general contractor's obligations under the prime construction contract between that general contractor and the Lessee and payment of that contractor's subcontractors and suppliers with respect to the construction, alteration, removal or demolition of Improvements. Each of the bonds must (i) be issued by a Qualified Surety (hereinafter defined), (ii) be in form and substance satisfactory to Lessor, (iii) run in favor of the Lessor, and (iv) be in the amount of the total cost of constructing, altering, removing or demolishing, as the case may be, the Improvements as approved by the Lessor, as such cost is stipulated in the construction contract between the Lessee and its general contractor. A "Qualified Surety" is a corporate surety or insurer authorized to do business, and to issue bonds for construction payment and performance, in the State of Florida and possessing a rating of A/VIII or better in A.M. Best's Insurance Reports.

Notwithstanding any provision of this Lease, Lessor's estate and interest (e) in the Leased Premises and Improvements shall not be subject to any lien, statutory or otherwise, by reason of any Improvements constructed or altered upon, removed from or demolished on the Leased Premises or work, labor, services or materials performed upon or supplied to the Leased Premises by or upon the order or request of Lessee or its employees or contractors or anyone acting by, through or under Lessee, and Lessee shall include notice of the foregoing in all contracts for the furnishing of labor, services or materials to or on the Leased Premises. All persons performing labor or service or furnishing materials to the Leased Premises on the order of Lessee must look solely to Lessee, and not to Lessor, for payment. Lessee shall keep Lessor and Lessor's estate and interest in the Leased Premises and Improvements free from any construction liens, mechanic's liens, vendor's liens or any other liens or claims arising out of any work performed, materials furnished or obligations incurred by Lessee, all of which liens and claims are hereby expressly prohibited, and Lessee shall defend, indemnify and hold Lessor harmless from and against any such lien or claim or action thereon, together with costs of suit and reasonable attorneys' fees and costs incurred by Lessor in connection with any such lien, claim or action. Before commencing any work of construction, alteration, addition, demolition or improvement to the Leased Premises, Lessee shall give Lessor at least ten (10) business days' written notice of the proposed commencement of such work and the name, address and telephone number of each contractor that will perform all or any portion of such work, in order to afford Lessor an opportunity to provide and post appropriate notices of non-responsibility. In the event that there shall be recorded against Lessor or Lessor's estate or interest in the Leased

Premises or Improvements any claim or lien arising out of any such work performed, materials furnished or obligations incurred by Lessee and such claim or lien shall not be removed or discharged within thirty (30) days of filing, Lessor shall have the right but not the obligation to pay and discharge said lien without regard to whether such lien shall be lawful or correct, in which event Lessee shall reimburse such amount to Lessor within ten (10) days' after Lessor's written demand, or to require that Lessee deposit with Lessor, within ten (10) days after Lessor's written demand, in cash, lawful money of the United States, one hundred fifty percent (150%) of the amount of the sum of such claim, two years' estimated interest thereon, the attorneys' fees that Lessor estimates may be incurred by the claimant or lienor, and the attorneys' fees that Lessor estimates that may be incurred by Lessor, which sum may be retained by Lessor until such claim shall have been removed of record or until judgment shall have been rendered on such claim and such judgment shall have become final, at which time Lessor shall have the right to apply such deposit in discharge of the judgment on said claim and any costs, including reasonable attorneys' fees and costs incurred by Lessor, and shall remit the balance thereof to Lessee. Lessor shall have the right to execute and record in the public records of Escambia County, Florida, a notice of provisions of this paragraph, meeting the requirements of Section 713.10, Florida Statutes.

4. TERM; RENEWAL TERM. The term of this Lease (the "Term)" shall commence on the Effective Date and shall end ninety-nine (99) years after the Effective Date; provided that Lessee shall be entitled to extend the term of this Lease for one renewal term of forty (40) years by giving Lessor written notice of renewal prior to the expiration of the initial 99 year term. The initial 99-year term and the 40-year renewal term, if duly and timely exercised, are referred to collectively in this Lease as the "Term."

### 5. RENT AND SALES TAX; CONTINGENCIES.

Rent. As compensation for the use of the Leased Premises during the Term, (a) Lessee shall pay the Lessor the lump sum of \$275,000.00, payable by certified bank check or, at Lessor's option, by wire transfer or other immediately available U. S. funds acceptable to Lessor. Such lump sum Rent shall due and payable within thirty (30) days after the issuance of a Building Permit to Lessee by the City of Pensacola for the construction of the Improvements required by Section 3(a) above and the occurrence of the parking contingencies set forth in paragraph 3 of the Settlement Agreement and Release dated June \_\_\_, 2018. Such Building Permit shall be satisfactory to Lessee in all In the event that such Building Permit is not issued and all other respects. contingencies have not been satisfied within six (6) full calendar months after the Effective Date, regardless of the reason, then either Lessor or Lessee may terminate this Lease by giving the other party written notice of termination, whereupon neither party shall have any further liability or obligation to the other under this Lease. Further, in the event that Lessee fails to pay such lump sum rent, together with all applicable sales tax due under paragraph (b) below, when required by this paragraph (a), Lessor may immediately terminate this Lease by giving written notice of termination to Lessee,

notwithstanding any notice and cure provisions or grace periods provided elsewhere in this Lease, time being of the essence of this provision.

(b) <u>Sales Tax</u>. Lessee shall pay all sales and use taxes imposed by Florida Statutes Section 212.031 and any future amendments thereto or other applicable Florida law in effect from time to time (the "Sales Tax") on the Rent paid under this Lease and on all other consideration for this Lease, if any, which is taxable under applicable Florida law. Such sales or use tax shall be due and payable concurrently with the payment of the Rent or other consideration with respect to which such tax is required to be paid.

TAXES. Lessor and Lessee shall cause the Leased Premises and all 6. Improvements now or at any time hereafter situated thereon to be separately assessed and taxed for Property Taxes (hereinafter defined) as if Lessee owned fee simple title to the Leased Premises and Improvements. Commencing on the Effective Date, Lessee shall pay directly to the appropriate tax authority, prior to delinquency, all Property Taxes imposed against or with respect to the Leased Premises and any Improvements now or at any time hereafter situated thereon with respect to any time period during the Term. As used herein the term "Property Taxes" shall mean all ad valorem and non-ad valorem taxes, fees, assessments and special assessments (including interest and penalties thereon), including without limitation real property ad valorem taxes and storm water fees and assessments, which are, at any time and from time to time during the Term, assessed or imposed against any legal or equitable interest of Lessor or Lessee in the Leased Premises or in any Improvements now or at any time hereafter situated thereon by the City of Pensacola, Escambia County or State of Florida or by any school, agricultural, lighting, fire, mosquito control, water, drainage or other improvement, benefits or tax district or other subdivision or agency thereof, together with any tax, fee or assessment imposed in addition to or in substitution of, partially or totally, any such tax, fee or assessment. If at any time during the Term all or any part of the Leased Premises or any Improvements now or at any time hereafter situated thereon are deemed exempt from Property Taxes or otherwise not subject to Property Taxes, in whole or in part, Lessee shall pay to Lessor, annually on or before November 30 of each year during the Term, amounts equivalent to the Property Taxes that would have otherwise been due and payable to the City of Pensacola in the absence of such exemption or if the Leased Premises and Improvements had been subject to Property Taxes, as the case may be.

# 7. ASSIGNMENT AND SUBLEASE.

(a) <u>Assignment</u>. Lessee may assign its interest in this Lease, in whole or in part, provided that there then exists no Event of Default under this Lease nor any state of facts which with the giving of notice or the lapse of time, or both, would become an Event of Default, and provided further that Lessee obtains the prior written consent of Lessor, which consent shall not be unreasonably withheld.

Sublease. Lessee may sublease any portion of the Leased Premises, (b) provided that there then exists no Event of Default under this Lease nor any state of facts which with the giving of notice or the lapse of time, or both, would become an Event of Default, and provided further that Lessee obtains the prior written consent of Lessor, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Lessee shall not be required to obtain Lessor's consent to any sublease of a residential dwelling unit within the Improvements, except that a sublease of two or more residential dwelling units to the same sublessee or to sublessees that are subject to common ownership or control shall require Lessor's prior written consent, which consent shall not be unreasonably withheld. Within thirty (30) days after any sublease of a residential dwelling unit, Lessee shall give Lessor written notice thereof, which written notice shall include identification of the portion of the Leased Premises that has been subleased and the name, address and telephone number of the sublessee. Each such sublessee shall likewise give Lessor such written notice in the event of any subsequent assignment, in whole or in part, of such sublease or any subsequent subsublease of the subleased portion of the Leased Premises.

8. IMPROVEMENTS. This Lease represents a ground lease only. During the Term, Lessee shall own all Improvements now or at any time hereafter situated on the Leased Premises. Upon the expiration or termination of this Lease for any reason, the Improvements on the Leased Premises shall automatically be and become the sole property of Lessor, and Lessee shall have no further right, title or interest therein.

CONDITION PREMISES. LESSEE HEREBY 9. OF LEASED ACKNOWLEDGES AND AGREES THAT LESSOR HAS LEASED THE LEASED PREMISES TO LESSEE, AND LESSEE HAS ACCEPTED THE LEASED PREMISES FROM LESSOR, IN ITS CURRENT CONDITION "AS/IS, WHERE IS AND WITH ALL FAULTS" WITHOUT ANY REPRESENTATION OR WARRANTY OF THE LESSOR OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED. LESSEE ACKNOWLEDGES THAT THE LESSOR HAS MADE NO REPRESENTATIONS OR WARRANTIES RELATING TO THE SUITABILITY OF THE LEASED PREMISES FOR ANY PARTICULAR USE OR PURPOSE (INCLUDING WITHOUT LIMITATION THE USE SET FORTH IN SECTION 2 ABOVE) OR WITH RESPECT TO ANY KNOWN OR UNKNOWN CONDITION EXISTING IN, ON, UNDER OR ABOVE THE LEASED PREMISES OR ANY PORTION THEREOF AND THAT THE LESSOR SHALL HAVE WHATSOEVER TO REPAIR, MAINTAIN, RENOVATE, NO OBLIGATION REMEDIATE. CORRECT OR OTHERWISE INCUR ANY COST OR EXPENSE WITH RESPECT TO ANY CONDITION NOW OR HEREAFTER EXISTING IN, ON, UNDER OR ABOVE THE LEASED PREMISES OR ANY PORTION THEREOF, WHETHER OR NOT KNOWN TO LESSOR OR ANY OFFICER, AGENT, EMPLOYEE OR CONTRACTOR OF LESSOR, AND WHETHER OR NOT FORESEEABLE OR DISCOVERABLE BY LESSEE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE LESSOR SHALL NOT BE LIABLE FOR ANY LATENT OR PATENT DEFECTS IN THE LEASED PREMISES OR ANY PORTION THEREOF, AND THE LESSOR SHALL NOT HAVE ANY LIABILITY OR RESPONSIBILITY TO LESSEE FOR ANY LOSS, DAMAGE OR EXPENSE INCURRED BY LESSEE OCCASIONED BY THE CONDITION OR CHARACTERISTICS OF THE LEASED PREMISES OR ANY PORTION THEREOF. FURTHER, LESSOR HEREBY DISCLAIMS ANY AND ALL EXPRESS AND IMPLIED WARRANTIES AS TO THE CONDITION OF THE LEASED PREMISES, INCLUDING WITHOUT LIMITATION ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, SUITABILITY, HABITABILITY OR TENANTABILITY.

MAINTENANCE. Lessee, at Lessee's sole cost and expense, shall keep 10. and maintain the entire Leased Premises and all Improvements at any time situated thereon, and every part and component thereof, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, including without limitation roofs, exteriors, interiors, plumbing, electrical, heating, air conditioning and ventilation, structural elements, grounds, landscaping and parking facilities, in first class condition, and Lessee shall not do or suffer any waste, damage, disfigurement or injury to the Leased Premises, the Improvements or any portion thereof. Further, Lessee shall at all times maintain the Leased Premises in a safe, neat and orderly manner, free from trash, debris and other unsafe, unsightly or unsanitary matters or conditions. Upon termination of this Lease for any reason, Lessee shall surrender to the Lessor the Leased Premises and the Improvements in good condition, appearance and repair, reasonable wear and tear excepted. Notwithstanding the foregoing, however, if requested by the Lessor in writing within six (6) months after termination of this Lease for any reason, Lessee shall demolish and remove the Improvements and all trash and debris, grade the Leased Premises and deliver the Leased Premises to the Lessor in a neat, clean, graded, level and safe condition. Lessee's obligations under this Section shall survive the termination of this Lease.

11. PAYMENT OF UTILITIES. Lessee shall arrange for direct billing with all appropriate utility providers and shall pay when due all invoices for services rendered from time to time by such utility providers.

12. TRASH COLLECTION. Lessee shall, at its sole expense, cause all trash and garbage to be removed from the Leased Premises and Improvements on a regular basis, not less than weekly.

13. DAMAGE AND DESTRUCTION. In the event that the Improvements or any portion thereof shall be damaged or destroyed by fire or other casualty, Lessee shall give immediate notice thereof to Lessor and the same shall be repaired, restored and/or rebuilt by Lessee at its sole cost and expense, to the condition at least equal to that which existed prior to its damage or destruction and in compliance with all laws and regulations applicable at the time of repair and/or restoration of any improvements constructed thereon, and in accordance with and subject to all terms and conditions of paragraphs (b) through (e) of Section 3 above. Any insurance proceeds payable with respect to such damage or destruction shall be deposited to and held in an escrow account (the "Insurance Escrow") with a local financial institution reasonably acceptable to both Lessor and Lessee, which account shall be subject to the joint control of Lessor

and Lessee. Lessee shall also promptly deposit the amount of any insurance deductible into the Insurance Escrow. Funds from the Insurance Escrow shall be used and disbursed only to pay for the reasonable costs of repair, restoration and rebuilding of the Improvements in accordance with the Lessor-approved plans and specifications in monthly draws based on the progress of construction. Any funds remaining in the Insurance Escrow after completion of such repairs, restoration and rebuilding shall be disbursed to Lessee provided that at such time there exists no Event of Default by Lessee under this Lease nor any circumstance which with the giving of notice or the lapse of time, or both, would constitute such an Event of Default. Notwithstanding the foregoing, no Insurance Escrow shall be required if the total insurance proceeds pavable with respect to such damage or destruction is \$5,000.00 or less. Further, notwithstanding the foregoing, if the Improvements are "totally destroyed" (as hereinafter defined) during the last thirty (30) years of the Term, either the City or Lessee may elect to terminate this Lease by giving written notice of termination to the other Parties within one hundred eighty (180) days after the Improvements are "totally destroyed" (as hereinafter defined). Promptly upon such termination, Lessor shall demolish any remaining Improvements, remove all debris, grade the Leased Premises and deliver the Leased Premises to the City in a neat, clean, graded, level and safe condition. Insurance proceeds payable with respect to total destruction shall be applied to pay the reasonable costs of such demolition, removal and grading and the outstanding indebtedness then secured by any mortgage or mortgages encumbering the Leased Premises and/or Improvements, but only if and to the extent such costs and indebtedness exceed the amount of the insurance deductible, and all remaining insurance proceeds shall be paid to Lessor. For the purposes of this paragraph the terms "totally destroyed" and "total destruction" shall mean that the total aggregate cost to repair or replace the damage to the Improvements exceeds fifty percent (50%) of the fair market value of the Improvements immediately prior to the occurrence of such If Lessor or Lessee elects to terminate this Lease pursuant to the terms of damage. this Section, the Parties shall be relieved of all further obligations owed under this Lease, unless the survival of such obligation(s) is specifically provided for herein. The provisions of this Section shall survive the termination of this Lease.

14. CONDEMNATION. If more than 50% of the gross area of the Improvements shall be taken by eminent domain, condemnation or in any other manner for public or quasi-public use or purpose (a "taking") (other than for temporary use or occupancy), the term of this Lease shall, at the option Lessee or Lessor, terminate as of the date of vesting of title. If this Lease is not terminated pursuant to the preceding sentence, the Parties shall enter into good faith negotiations to modify, alter, or amend this Lease such that the remainder of the Leased Premises and Improvements remain tenantable for the uses permitted pursuant to Section 2 above. Lessor and Lessee shall have the right to participate in any condemnation proceedings. Each shall notify the other promptly of any contemplated or threatened condemnation proceeding of which it shall become aware and shall keep the other informed of developments with respect thereto.

15. FORCE MAJEURE. Except as otherwise provided in Section 3(a) above and except for Lessee's obligations to pay Rent and other sums of money pursuant to the terms of this Lease, each party's obligations under this Lease shall be abated or excused when performance of such obligations is rendered impossible or impracticable for a period of more than 30 days by reason of strikes, riots, acts of God, shortages of labor or materials, theft, fire, public enemy, injunction, insurrection, court order, requisition of other governmental body or authority, war, governmental laws, regulations or restrictions, or any other causes of any kind whatsoever which are beyond the control of the Parties hereto (each a "Force Majeure Event"), until such Force Majeure Event is eliminated or ceases to exist; provided however, that each responsible party shall use all due diligence to eliminate or mitigate such Force Majeure Event or the effects thereof as soon as possible.

16. PARKING. Lessee, at its sole cost and expense, shall construct vehicular parking on the Leased Premises and/or secure off-premises vehicular parking that is adequate for the permitted use of the Leased Premises by Lessee and other occupants, if any, of the Leased Premises or Improvements and their respective agents, representatives, employees, contractors, tenants, guests and invitees, and is, at a minimum, sufficient to meet applicable codes, ordinances and regulations in effect from time to time.

17. COMPLIANCE WITH GOVERNMENTAL REGULATIONS. Lessee, in the use and enjoyment of the Leased Premises, shall comply with all governmental regulations, statutes, ordinances, rules, ordinances and directives of any federal, state, county or municipal governmental unit or agencies having jurisdiction over the Leased Premises or the business being conducted thereon, as in effect from time to time, including but not limited to all ordinances, codes, rules and regulations now in effect or hereafter imposed by the City of Pensacola in its governmental capacity.

ENVIRONMENTAL MATTERS. Lessee shall comply with all federal, 18. state, municipal and county laws, statutes, ordinances, codes, administrative orders, rules and regulations and permits relating to environmental matters, storm water, and other pollution control applicable to the construction, alteration or demolition of the Improvements or the occupancy, use or operation of the Leased Premises. Lessee shall furnish to the Lessor at the time same are filed, received, submitted or tendered, a copy of every permit application, permit, notice, order or other document sent to or received from any regulatory agency responsible for environmental matters, storm water, or other pollution control. Lessee is prohibited from allowing, causing, condoning, licensing, permitting or sanctioning any activities, conduct or operations that enable or result in any pollutants, contaminants, hazardous materials or substances or other waste to be accumulated, deposited, placed, released, spilled, stored or used upon or under any portion of the Leased Premises or adjacent or nearby waters contrary to or in violation of any of said laws, statutes, ordinances, codes, administrative orders, rules, regulations In the event Lessee violates this prohibition, Lessee shall be solely or permits. responsible for any and all reporting, cleanup, remediation, fines and penalties in accordance with said laws, statutes, ordinances, codes, administrative orders, rules,

regulations or permits. Lessee agrees to indemnify, defend and hold harmless Lessor against any and all actions, claims, demands, judgments, penalties, liabilities, costs, damages and expenses, remediation costs and response costs, including court costs and attorney's fees incurred by Lessor arising out of or in connection with contamination resulting from the construction, alteration or demolition of the Improvements or the occupancy, use or operation of the Leased Premises during the Term.' The terms of this Section shall survive the termination of this Lease.

19. SEVERABILITY. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Lease, then and in that event, it is the intention of the Parties hereto that the remainder of this Lease shall not be affected thereby.

20. CORPORATE TENANCY. The undersigned representative of Lessee hereby warrants and certifies that Lessee is an entity in good standing and is authorized to do business in the State of Florida. The undersigned representative of Lessee hereby further warrants and certifies that he or she, as such representative, is authorized and empowered to bind the entity to the terms of this Lease by his or her signature thereto. Lessor, before it accepts and delivers this Lease, may require Lessee to supply it with a certified copy of the entity resolution or such other document authorizing the execution of this Lease by Lessee.

21. INTEGRATION, MERGER AND AMENDMENT. This Lease contains the entire agreement of the Parties with respect to the subject matter of this Lease, and fully substitutes, replaces, and supersedes any prior letter of intent, memorandum of understanding and all other prior negotiations, agreements and understandings with respect thereto. This Lease may not be altered, changed or amended, except by written instrument signed by all Parties hereto and executed in the same formality as this Lease.

22. NO WAIVER. No provision of this Lease shall be deemed waived by Lessor by any act, omission, conduct or course of dealing by Lessor. Rather, a provision of this Lease may be waived by Lessor only by a written instrument duly authorized and executed by Lessor which specifically identifies the provision being waived. The terms, provisions, covenants, and conditions contained in this Lease shall apply to, inure to the benefit of, and be binding upon the Parties hereto, and upon their respective permitted successors in interest and legal representatives, except as otherwise expressly provided herein and except that Lessor shall have no liability to Lessee under this Lease except as otherwise expressly stated herein.

23. INSURANCE. Lessee shall procure and maintain at all times during the term of this Lease Agreement, insurance of the types and to the limits specified herein issued by insurer(s) qualitied to do business in Florida whose business reputation, financial stability and claims payment reputation is reasonably satisfactory to Lessor. Each policy of insurance shall list the Lessor as an Additional Insured.

Lessee and Lessor understand and agree that the minimum limits or types of insurance herein required may become inadequate following the initial term of this Lease Agreement, and, therefore agree that the minimum limits may be increased to commercially reasonable limits from time to time during the Term of this Lease or additional coverage may be required upon a substantial change in the scope of operation contemplated in this Lease Agreement.

Unless otherwise agreed by the Lessor, the amounts, form and type of insurance shall conform to the following minimum requirements:

# WORKER'S COMPENSATION

Lessee shall purchase and maintain Worker's Compensation Insurance Coverage for all Workers' Compensation obligations required by law. Additionally, the policy, or separately obtained policy, must include Employers Liability Coverage of at least \$100,000 each person - accident, \$100,000 each person - disease, \$500,000 aggregate – disease.

# COMMERCIAL GENERAL LIABILITY COVERAGE

Lessee shall purchase coverage on forms no more restrictive than the latest editions of the Commercial General Liability forms filed by the Insurance Services Office. The Lessor shall not be considered liable for premium payment, entitled to any premium return or dividend and shall not be considered a member of any mutual or reciprocal company. Minimum limits of \$1,000,000 per occurrence and in the aggregate for liability must be provided, with umbrella insurance coverage making up any difference between the policy limits of underlying policy coverage and the total amount of coverage required. Coverage must be provided for bodily injury and property damage liability for premises and operations, products and completed operations, contractual liability and independent contractors. The coverage shall be written on occurrence-type basis and the Lessor must be listed as an additional insured.

Lessee must provide Business Automobile Liability coverage, including bodily injury and property damage arising out of operation, maintenance or use of owned, non-owned and hired automobiles. Minimum limits of \$1,000,000 CSL must be provided.

Lessee's Umbrella Liability Insurance coverage shall not be more restrictive than the underlying insurance policy coverages. The coverage shall be written on an occurrence-type basis, and the Lessor must be listed as an additional insured.

### BUILDERS RISK INSURANCE

Lessee shall require any contractor constructing, altering, removing or demolishing improvements of the Leased Premises to provide builder's risk insurance. Coverage shall be afforded on an Inland Marine "All-Risk" type form which includes collapse coverage. The Amount of Insurance is to be 100% of the completed value of the work

being performed by such contractor. The coverage will additionally include coverage for materials and equipment stored off the construction site, in transit or delivery, including loading and unloading. The policy must be specifically endorsed to eliminate any "Occupancy" clause or similar warranty or representation that the premises in the course of construction shall not be occupied or used without specific endorsement of the policy. The Lessor shall be listed as Additional Insured by endorsement on the policy as well as on the Certificate of Insurance and if requested by the Lessor, a copy of the policy shall be supplied to the Lessor. The policy shall contain a "Waiver of Subrogation" clause in favor of the Lessor, any subsidiaries or affiliates, its elected and appointed officials, employees, volunteers, representatives, and agents which would waive any subrogation against any of them. The policy shall contain no exclusion which would exclude damage or loss caused by breakage, freezing, temperature extremes or temperature change, water, flood, leakage, or seepage.

#### PROPERTY INSURANCE

Lessee shall maintain in force at all times, property insurance coverage which insures any improvements on the Leased Premises against fire, windstorm, flood, extended coverage and Standard Insurance Office (ISO) defined "Special Perils" of physical damage. Lessor shall be an Additional Insured under such policies with coverage afforded to the Lessor which is at least as broad as that provided to Lessee/Named Insured under the policy for the terms and conditions of such policy, and such policies shall be so endorsed in a form acceptable to the Lessor. The amount of coverage will be 100% of the replacement cost. Such policy shall contain a Waiver of Subrogation endorsement in favor of the Lessor.

### CERTIFICATES OF INSURANCE, AND COPIES OF INSURANCE POLICIES

Lessee's required insurance shall be documented in Certificates of Insurance and endorsements to each policy that list this Lease and provide that Lessor shall be notified at least thirty (30) days in advance of cancellation, nonrenewal or adverse change or restriction in coverage. If requested by the Lessor, Lessee shall furnish copies of Lessee's insurance policies, forms, endorsements, jackets and other items forming a part of, or relating to such policies prior to the Commencement Date of this Lease. Certificates shall be on the "Certificate of Insurance" form equal to an ACORD 25, as determined by the Lessor. Lessee shall replace any canceled, adversely changed, restricted or non-renewed policies with new policies reasonably acceptable to Lessor and shall file with Lessor Certificates of Insurance under the new policies prior to the effective date of such cancellation, adverse change or restriction. If any policy is not timely replaced, in a manner reasonably acceptable to Lessor, and copies timely provided to Lessor, Lessee shall, upon instructions of Lessor, cease all operations under the Lease until directed by Lessor, in writing, to resume operations. The "Certificate Holder" address should read: City of Pensacola, Risk Management, Post Office Box 12910, Pensacola, FL 32521.

## INSURANCE OF THE LESSEE PRIMARY

The Lessee required coverage shall be considered primary, and all other insurance shall be considered as excess, over and above the Lessee's coverage. The Lessee's policies of coverage will be considered primary as relates to all provisions of the Lease.

### LOSS CONTROL AND SAFETY

Lessee shall retain control over its employees, agents, servants and subcontractors, as well as control over its invitees, and its activities on and about the Leased Premises and the manner in which such activities shall be undertaken and to that end, Lessee shall not be deemed to be an agent of Lessor. Precaution shall be exercised at all times by Lessee for the protection of all persons, including employees, and property.

#### HOLD HARMLESS AND INDEMNITY

Lessee agrees to indemnify and hold harmless the Lessor, its subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives and agents from any and all claims, suits, actions, damages, liability and expenses in connection with loss of life, bodily injury or personal injury, or property damage including loss of use thereof, directly or indirectly caused by, resulting from, arising out of or occurring in connection with this Lease Agreement.

### PAY ON BEHALF OF THE LESSOR

Lessee agrees to pay on behalf of the Lessor, as well as provide a legal defense for the Lessor, both of which will be done only if and when requested by the Lessor, for all claims as described in the Hold Harmless paragraph. Such payment on the behalf of the Lessor shall be in addition to any and all other legal remedies available to the Lessor and shall not be considered to be the Lessor's exclusive remedy.

24. DEFAULT and REMEDIES.

(a) <u>Events of Default</u>. Each of the following events shall constitute a default by Lessee under this Lease (each, an "Event of Default"), to wit:

- Lessee's failure to pay any sum of money payable hereunder for a period of thirty (30) days after Lessee's receipt of written notice or invoice from Lessor;
- (2) After completion of the Initial Improvements, Lessee's abandonment of the Leased Premises or failure to substantially use and operate the Leased Premises for the uses and purposes permitted pursuant to Section 2 above for a period of thirty (30) consecutive days;

- (3) Lessee's failure to observe keep or perform the terms, covenants, agreements and conditions of any of Sections 2, 3, 7, 23 or 38 of this Lease;
- (4) The filing of a voluntary petition in bankruptcy by Lessee, or the filing of an involuntary petition in bankruptcy against Lessee which involuntary petition is not dismissed with sixty (60) days after filing;
- (5) Lessee making a voluntary assignment for the benefit of creditors;
- (6) A receiver or trustee being appointed for Lessee or a substantial portion of Lessee's assets;
- (7) Lessee's interest under this Lease being sold or transferred under execution or other legal process.
- (8) Except as otherwise provided in the preceding clauses of this paragraph (a) Lessee's failure to observe, keep or perform any of the other terms, covenants, agreements or conditions of this Lease for a period of thirty (30) days after Lessee's receipt of written notice from Lessor, or, if such failure cannot reasonably be remedied with such thirty day period, within such longer time period as is reasonable under the circumstances, up to but not exceeding one hundred eighty (180) days after Lessee's receipt of such written notice from Lessor.

(b) <u>Remedies</u>. Following any Event of Default, Lessor, in its sole discretion, may exercise any and all rights and remedies available under this Lease, at law or in equity, and, without limiting the foregoing, may exercise any one or more of the following remedies, the exercise of any of which shall not be deemed to preclude the exercise of any others herein listed at the same time or in subsequent times or actions:

- (1) Terminate Lessee's right to possession of the Leased Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Leased Premises and Improvements to the Lessor. In such event the Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default, including but not limited to the cost of recovering possession of the Leased Premises and Improvements; expenses of re-letting, including necessary renovation and alteration of the Leased Premises and Improvements, reasonable attorney's fees and any real estate commission actually paid;
- (2) Bring suit in a court of competent jurisdiction for equitable relief, including but not limited to specific performance and injunctive relief; and

(3) Bring suit in a court of competent jurisdiction for monetary damages.

(c) <u>Rights Cumulative; No Waiver</u>. The respective rights of Lessor under this Lease shall be cumulative and shall be in addition to rights as otherwise provided at law or in equity, and failure on the part of Lessor to exercise promptly any such rights afforded it shall not operate to forfeit any such rights. No forbearance by Lessor of action upon any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of the terms, provisions, and covenants herein provided upon an Event of Default shall not be deemed or construed to constitute a waiver of the terms, provisions, and covenants herein provided upon an Event of Default shall not be deemed or construed to constitute a waiver of any other violation or Event of Default. Further, the acceptance by the Lessor of Rent or other payments by the Lessee after the occurrence of an Event of Default shall not be deemed a waiver of such Event of Default or a waiver of or estoppel to enforce any right or remedy on the part of the Lessor arising or existing by reason of such Event of Default, whether or not Lessor has or had knowledge of such Event of Default.

25. QUIET ENJOYMENT. Provided Lessee has performed all of the terms, covenants, agreements and conditions of this Lease, including the payment of Rent and all other sums due hereunder, Lessee shall peaceably and quietly hold and enjoy the Leased Premises subject to the provisions and conditions of this Lease.

26 NOTICES. Any notices required or permitted by this Lease or by law to be sent to Lessor shall be sufficient if transmitted by personal delivery, nationally recognized overnight delivery service (such as Federal Express Corporation or UPS), or certified mail, return receipt requested, addressed to Lessor as follows:

City of Pensacola Attn: City Administrator 222 West Main Street, 7th Floor Pensacola, Florida 32502

Any notices required or permitted by this Lease or by law to be sent to Lessee shall be sufficient if transmitted by personal delivery, nationally recognized overnight delivery service (such as Federal Express Corporation or UPS), or certified mail, return receipt requested, addressed to Lessee as follows:

Seville Harbour, Inc. Attn: Ray Russenberger 850 South Palafox Street, Suite 102 Pensacola, Florida 32502

Either Party may change the above address by providing written notice to the other Party.

27. VENUE. Venue for any claim, action or proceeding arising out of this Lease shall be Escambia County, Florida.

28. STATE LAW APPLICATION. The laws of the State of Florida shall be the law applied in resolution of any action, claim or other proceeding arising out of this Lease.

29. ATTORNEY'S FEES. In the event that any Party to this Lease fails to comply with and abide by any of the stipulations, agreements, covenants, and conditions of this Lease, such Party shall pay all and singular the reasonable costs, charges, and expenses of collection and enforcement of this Lease, including without limitation reasonable attorneys' fees (including without limitation those in connection with any appeal or bankruptcy or insolvency proceeding) reasonably incurred or paid at any time by the other Party or Parties to this Lease to enforce this Lease or to collect any sums due and owing under this Lease.

30. MEMORANDUM OF LEASE. Contemporaneously with the execution of this Lease, the Parties shall execute a memorandum of this Lease in recordable form, which shall be sufficient to give constructive notice of this Lease and its material terms. Lessee, at Lessee's expense, shall record such memorandum in the official records of the Escambia County Clerk of Circuit Court.

31. ESTOPPEL CERTIFICATES. Within ten (10) business days after a written request from Lessee, Lessor shall certify, by a duly executed and acknowledged written instrument, to any mortgagee of Lessee or proposed mortgagee or proposed subsublessee of the Leased Premises or any other person, firm or corporation specified by Lessee, as to the validity and force and effect of this Lease, the existence of any default on the part of any Party hereunder, and the existence of any offset, counterclaim or defense thereto on the part of Lessor, as well as to any other matters as may be reasonably requested by Lessee, up to but not more than three (3) times during any Lease Year. Lessee shall pay the reasonable costs and attorney's fees incurred by the Lessor in connection with each such estoppel certificate.

32. NON-DISCRIMINATION. Lessee agrees that it will not discriminate upon the basis of race, creed, color, national origin, age, disability or sex in the construction, alteration or demolition of the Improvements or the use, occupancy, or operation of the Leased Premises or Improvements.

33. LEASEHOLD MORTGAGES BY LESSEE. The Lessee shall be entitled to freely mortgage and collaterally assign Lessee's interest and leasehold estate in, to and under this Lease (in whole or in part), as well as the Lessee's interest in and to the Leased Premises or any part thereof and/or any Improvements thereon, subject to the terms and conditions of this Lease, without having obtained the Lessor's prior written consent; provided that the Lessee shall give written notice of such mortgage or collateral assignment within thirty (30) days after the effective date thereof and provided

further that the Lessor shall not be obligated to mortgage its fee simple estate in the Leased Premises or to subordinate its interest in this Lease or the Leased Premises to any such mortgage or collateral assignment.

34. SUCCESSORS AND ASSIGNS. The terms and provisions of this Lease are binding upon and shall inure to the benefit of the Lessor and Lessee, and their respective successors and assigns.

35. RECITALS; CONTRACT INTERPRETATION. The recitals set forth at the beginning of this Lease are true and correct and are hereby incorporated herein by reference. The rule of construction to the effect that an instrument shall be construed against its draftsman shall not apply to this Lease and shall not negate or invalidate any provision of this Lease.

36. WHEN PENSACOLA CITY COUNCIL CONSENT REQUIRED. The consent of the City Council of the City of Pensacola shall be required for the matters requiring Lessor consent or approval under Sections 2 and 7 of this Lease. All other consents and approvals of the Lessor required or permitted under the terms of this Lease may be given, conditioned or withheld by the Mayor of the City of Pensacola or his or her designee.

37. NO WAIVER OF SOVEREIGN IMMUNITY. Notwithstanding any contrary provision of this Lease, except to the extent of the contractual obligations of Lessor expressly set forth in this Lease, nothing in this Lease shall be construed as a waiver, in whole or in part, of the Lessor's sovereign immunity under the Constitution, statutes and case law of the State of Florida, nor shall any provision of this Lease be deemed a change or modification in any manner whatsoever of the method or conditions of preserving, asserting, or enforcing any claim or legal liability against the Lessor.

38. FLORIDA PUBLIC RECORDS LAW. The Florida Public Records Law, as contained in Chapter 119, Florida Statutes, is very broad. As a result, any written communication created or received by Lessor will be made available to the public and media, upon request, unless a statutory exemption from such disclosure exists. Lessee shall comply with the Florida Public Records Law in effect from time to time if and to the extent that the Florida Public Records Law is applicable to Lessee.

39. RADON GAS. RADON GAS IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN FLORIDA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM THE ESCAMBIA COUNTY PUBLIC HEALTH UNIT. IN WITNESS WHEREOF, the Parties have set their respective hands and seals hereto as of the date first written above.

**SEVILLE HARBOUR, INC.** Signed, sealed and delivered in the presence of: By: \_\_\_\_\_ Ray Russenberger, Its President Print Name: \_\_\_\_\_ Print Name: \_\_\_\_\_ Attest: (AFFIX CORPORATE SEAL) Print Name: Its Secretary **CITY OF PENSACOLA** a Florida municipal corporation By: \_\_\_\_\_\_ Ashton J. Hayward, Mayor (AFFIX CITY SEAL) Attest: Ericka L. Burnett, City Clerk Signed, sealed and delivered in the presence of: Print Name: \_\_\_\_\_ Print Name: Legal in form and valid as drawn: Approved as to content: Lysia H. Bowling, City Attorney Eric Olson City Administrator

