

OFFICE LEASE

BETWEEN

EAGLE FL III SPE, LLC, a North Carolina limited liability company

As Landlord

AND

CITY OF PALM COAST

As Tenant

Dated As Of: November 1, 2011

OFFICE LEASE

THIS OFFICE LEASE ("Lease") is made as of the 1st day of November, 2011 ("Date of Lease"), by and between **EAGLE FL III SPE, LLC, a North Carolina limited liability company** ("Landlord"), and **CITY OF PALM COAST**, a Florida municipal corporation ("Tenant").

I. BASIC LEASE PROVISIONS/DEFINITIONS

1.1 Premises. Landlord does hereby lease to Tenant and Tenant does hereby lease from Landlord the following described property (hereinafter referred to as the "Premises"):

1.1(a) Units B-103, B-104, B-105, B-106, B-107, B-108, B-109, B-110, B-301, B-302, B-303, B-304, B-305 and B-306, according to the Declaration of Condominium Establishing City Walk Commercial Condominium, recorded in Official Records Book 1609, Page 495, Public Records of Flagler County, Florida, as amended from time to time, including without limitation, that certain Third Amendment To Declaration of Condominium Establishing City Walk Commercial Condominium, recorded in Official Records Book 1671, Page 560, and that certain Fourth Amendment To Declaration of Condominium Establishing City Walk Commercial Condominium, recorded in Official Records Book 1692, Page 322, all in the Public Records of Flagler County, Florida. The Premises are generally depicted on Exhibit A-1 attached hereto and made a part hereof and are agreed upon by the parties to consist of 21,051 rentable square feet.

1.1(b) In connection with the lease of the Premises, Landlord agrees that Tenant has the right, but not the obligation, to sublease that portion of the Premises identified as Unit ~~C-217~~ ("Sheriff's Substation"), consisting of ~~1,170~~ rentable square feet, and as generally depicted on Exhibit A-2, attached hereto and made a part hereof, to the Flagler County Sheriff's Office. Said consent is granted upon the following conditions: (1) Tenant remains responsible for all rent and other obligations under this Lease and shall not otherwise be relieved of any obligations hereunder as to such area subleased to the Flagler County Sheriff's Office and will be responsible for activity and conduct of the sublessee; (2) only the area identified as the Sheriff's Substation may be subleased and only to the Flagler County Sheriff's Office; and (3) the Sheriff's Substation may only be utilized for and specifically limited to administrative purposes and under no circumstances shall the Sheriff's Substation be utilized or be permitted to be used for the processing, incarceration, jailing, or detention of persons.

1.2 This paragraph intentionally left blank.

1.3 Project. The Premises are located within that certain development known as City Marketplace as more particular described in that certain Declaration of Condominium Establishing City Walk Commercial Condominium, recorded in Official Records Book 1609, Page 495, Public Records of Flagler County, Florida, as amended from time to time (collectively, the "Declaration") and consists, inter alia, of land, improvements built thereon, and common areas ("Project"). As such and notwithstanding anything herein to the contrary, this Lease (including the benefits and rights provided therein and the Tenant's use of the Premises and Common Areas (including parking)), shall be subject to (and the Premises shall be utilized in accordance with) the Declaration, and such rules and regulations promulgated by the Association ([as such term is defined in the Declaration](#)).

1.4 This paragraph intentionally left blank.

1.5 Common Area. All areas from time to time designated in the Declaration as Common Elements (as such term is defined therein) for the general and nonexclusive common use or benefit of more than one Unit Owner (as such term is defined in the Declaration) of the Project and Landlord, including, without limitation, roadways, entrances and exits, loading areas, landscaped areas, open areas, park areas, service drives, walkways, atriums, courtyards, concourses, ramps, hallways, stairs, washrooms, lobbies, elevators, common trash areas,

vending or mail areas, common pipes, conduits, wires and appurtenant equipment within the Project, maintenance and utility rooms and closets, exterior lighting, exterior utility lines, and parking facilities but excluding certain Limited Common Elements (as such term is defined in the Declaration) shall be known herein as "Common Areas". Subject to the terms of this Lease, the Tenant shall receive the benefit of the Common Areas at no cost to the Tenant.

1.6 This paragraph intentionally left blank.

1.7 RSF or Rentable Area. The rentable area within the Premises is deemed to be the amount set forth in Section 1.1. Landlord and Tenant stipulate and agree that the rentable square feet of the Premises are correct and shall not be re-measured.

1.8 Permitted Use. Tenant may use the Premises, subject to and in accordance with the terms, covenants and conditions set forth in this Lease (including such prohibitions applicable to the Sheriff's Substation), and applicable governmental regulations, restrictions and permitting, solely for administrative municipal purposes and uses incidental thereto including, but not limited to, use as city offices.

1.9 Commencement Date. The commencement date shall be November 1, 2011.

1.10 Expiration Date. The expiration date shall be April 30, 2015.

1.11 Term. Three (3) years and six (6) months, unless sooner terminated as provided herein or extended by written agreement.

1.12 ~~This paragraph intentionally left blank. Lease Year. Each consecutive 12 month period elapsing after: (i) the Commencement Date if the Commencement Date occurs on the first day of a month; or (ii) the first day of the month following the Commencement Date if the Commencement Date does not occur on the first day of a month. Notwithstanding the foregoing, the first Lease Year shall include the additional days, if any, between the Commencement Date and the first day of the month following the Commencement Date, in the event the Commencement Date does not occur on the first day of a month.~~

1.13 Calendar Year. For the purpose of this Lease, Calendar Year shall be a period of 12 months commencing on each January 1 during the Term, except that the first Calendar Year shall be that period from and including the Commencement Date through December 31 of that same year, and the last Calendar Year shall be that period from and including the last January 1 of the Term through the earlier of the Expiration Date or the date of Lease termination.

1.14 Broker(s). None.

1.15 Guarantor(s). None.

1.16 Landlord's Notice Address.

EAGLE FL III SPE, LLC
C/O: Lisa Moberly (Asset #2513)
200 West Second Street, 3rd Floor
Winston-Salem, North Carolina 27101

With a copy to: Winderweedle, Haines, Ward & Woodman, P.A.
Lionel E. Rubio, Esq.
329 Park Avenue North, 2nd Floor
Winter Park, Florida 32789

With a copy to: The Asset Preservation Group

Tom Alday
600 Wilkinson Street, Suite 200
Orlando, Florida 32803

With a copy to:

Ray Thrower
1580 Sawgrass Corporate Parkway, Suite 310
Sunrise, Florida 33323

1.17 Tenant's Notice Address.

City Manager
City of Palm Coast
160 Cypress Point Parkway, Suite B106
Palm Coast, Florida 32137

With a copy to:

Brown, Garganese, Weiss & D'Agresta, P.A.
Anthony A. Garganese, Esquire
PO Box 2873
Orlando, Florida 32802

1.18 Address Changes. Changes of address shall be effective when provided in writing to all parties receiving notices hereunder.

1.19 Agents. Officers, city council members, partners, directors, members, managers, employees, agents, licensees, contractors, customers and invitees; to the extent customers and invitees are under the principal's control or direction.

II. PREMISES

2.1 Lease of Premises. In consideration of the agreements contained herein, Landlord hereby leases the Premises to Tenant, and Tenant hereby leases the Premises from Landlord, for the Term and upon the terms and conditions set forth in this Lease. As an appurtenance to the Premises, Tenant shall have the general and nonexclusive right, together with Landlord and the other Unit Owners and their tenants of the Project, to use the Common Area subject to the terms and conditions of this Lease. Notwithstanding anything herein to the contrary, except to the extent Landlord's prior written approval is obtained, Landlord excepts and reserves exclusively to itself the use of (i) roofs; (ii) maintenance and utility equipment rooms and closets, and (iii) conduits, wires and appurtenant equipment within the Project and equipment rooms and closets, and exterior utility lines.

2.2 Landlord's Reservations. Provided Tenant's use of and access to the Premises is not materially adversely affected, Landlord reserves the right from time to time to: (i) install, use, maintain, repair, replace and relocate pipes, ducts, conduits, wires and appurtenant meters and equipment above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas of the building within which the Premises are located; (ii) make changes to the design and layout of the Project, including, without limitation, changes to buildings, driveways, entrances, loading and unloading areas, direction of traffic, landscaped areas and walkways, parking spaces and parking areas; and (iii) use or close temporarily the Common Areas, and/or other portions of the Project while engaged in making improvements, repairs or alterations to buildings, the Project or any portion thereof.

III. TERM

3.1 Commencement Date. The Term shall commence on the Commencement Date and expire at midnight on the Expiration Date.

IV. RENT

4.1 **Basic Rent.** Tenant hereby agrees to pay to Landlord, in advance without notice or demand, on the first day of each month, base rent in accordance with the following schedule: (1) Seventeen Thousand and 00/100 Dollars (\$17,000.00) per month during the period encompassing November 1, 2011 through and including April 30, 2013, (2) Nineteen Thousand and 00/100 Dollars (\$19,000.00) per month during the period encompassing May 1, 2013 through and including April 30, 2014, and (3) Twenty Thousand and 00/100 Dollars (\$20,000.00) per month during the period encompassing May 1, 2014 through and including April 30, 2015.

4.2 By execution of this Lease by the Parties, the Parties hereby authorize Brown, Garganese, Weiss & D'Agresta, P.A., as Escrow Agent under that certain Escrow Agreement dated as of November 1st 2011, to release to Landlord the total monthly rent due based on the schedule above as calculated for the period November 1, 2011 to and including May 1, 2012, together with an additional one thousand dollars (\$1,000) which will be applied toward the rental payment due June 1, 2012. Said amount to be paid over to Landlord upon execution of this Lease totals one hundred twenty thousand dollars (\$120,000.00)..

4.3 **Operating Expense Rental and Real Estate Tax Rental.** Tenant shall not be responsible for any Operating Expenses, Real Estate Taxes, or any other expense or fee incurred by Landlord. As used herein, the term "Operating Expenses" shall mean any and all expenses, costs and disbursements which Landlord incurs because of or in connection with the maintenance, management and operation of the Common Areas within the Project (excluding any damages to the Common Areas caused by Tenant or Tenant's agents, employees, or invitees) including, but not limited to, gas, and other public utilities which are required for the Common Areas. Real Estate Taxes shall be defined as (i) all real property taxes and assessments levied by any public authority against the that portion of the Project owned by Landlord; (ii) all personal property taxes levied by any public authority on personal property of Landlord used in the management, operation, maintenance and repair of the that portion of the Project owned by Landlord, (iii) all taxes, assessments and reassessments of every kind and nature whatsoever levied or assessed in lieu of or in substitution for existing or additional real or personal property taxes and assessments on the that portion of the Project owned by the Landlord, or (iv) amounts necessary to be expended because of governmental orders, whether general or special, ordinary or extraordinary, unforeseen as well as foreseen, of any kind and nature for public improvements, services, benefits or any other purposes which are assessed, levied, confirmed, imposed or become a lien upon the Premises or become payable during the Term.

4.4 **Sales or Excise Taxes.** Tenant shall occupy the Premises for the municipal purposes stated herein. As such, Tenant represents that the Lease shall be exempt from any and all sales, rent or excise taxes.

4.5 **City Permit Fees.** In consideration of this Lease, the Tenant agrees not to impose any City of Palm Coast's permit fees related to the Premises during the term of this Lease.

V. PARKING

5.1 Subject to and in accordance with the terms, covenants and conditions set forth in this Lease, Tenant shall have the right in common with other tenants in the building to use the parking area included as part of the Common Areas. Such use may be subject to validation, sticker or other identification systems set forth by the Association or Landlord from time to time. Subject to the terms of this Lease, the Landlord does not object to the City's use of the south parking lot for the parking of City Fleet vehicles as generally depicted on Exhibit B attached hereto provided, however, in the event the Association raises an issue with such parking, then Landlord and Tenant will utilize reasonable efforts to address parking concerns. In the event the Association adopts such rules and regulations which prohibit the City's use of the area depicted on Exhibit B for the aforesaid City Fleet vehicles or in the event the Landlord and Tenant cannot resolve the parking concerns, then, upon ninety (90) days written notice to the other, a party may terminate this lease. Further, in the event Tenant exercises its right under Section 1.1(b) of this Lease, City Fleet vehicles shall also include sheriff's vehicles.

VI. USE AND REQUIREMENTS OF LAW

6.1 Use. The Premises will be used only for the Permitted Use. Tenant and Tenant's Agents will not: (i) do or permit to be done in or about the Premises, nor bring to, keep or permit to be brought or kept in the Premises, anything which is prohibited by or will in any way conflict with any law, statute, ordinance or governmental rule or regulation which is now in force or which may be enacted or promulgated after the Date of Lease; (ii) do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other Unit Owners or their tenants within the Project; (iii) do or permit anything to be done in or about the Premises which is dangerous to persons or property or otherwise result in an increase of insurance; (iv) do or permit to be done in or about the Premises, nor bring to, keep or permit to be brought or kept in the Premises, anything which is prohibited by or will in any way conflict with the Declaration or any rule or regulation promulgated by the Association; or (v) cause, maintain or permit any nuisance in, on or about the Premises or commit or allow to be committed any waste in, on or about the Premises. At its sole cost and expense, Tenant will promptly comply with: (a) all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or in force after the Commencement Date of the Lease regarding the operation of Tenant's use and occupancy of the Premises; (b) the certificate of occupancy issued for the building within which the Premises is located and the Premises; and (c) any recorded covenants, conditions and restrictions, if any, which affect the use, condition, configuration and occupancy of the Premises.

6.2 Hazardous Materials. Tenant shall not bring or allow any of Tenant's Agents to bring on the Premises or the Project, any asbestos, petroleum or petroleum products, used oil, explosives, toxic materials or substances defined as hazardous wastes, hazardous materials or hazardous substances under any federal, state or local law or regulation ("Hazardous Materials"), except for routine office and janitorial supplies used on the Premises and stored in the usual and customary manner and quantities, and in compliance with all applicable environmental laws and regulations. In the event of any release of Hazardous Materials on, from, under or about the Premises or the Project as the result of Tenant's occupancy of the Premises, Landlord shall have the right, but not the obligation, to cause Tenant, at Tenant's sole cost and expense, to clean up, remove, remediate and repair any soil or groundwater contamination or other damage or contamination in conformance with the requirements of applicable law. With at least forty-eight (48) hours notice, Landlord shall have the right from time to time, but not the obligation, to enter upon the Premises to conduct such inspections and undertake such sampling and testing activities as Landlord deems necessary or desirable to determine whether Tenant is in compliance with this provision.

6.3 ADA Compliance. Notwithstanding any other statement in this Lease, the following provisions shall govern the parties' compliance with the Americans With Disabilities Act of 1990, as amended from time to time, Public Law 101-336; 42 U.S.C. §§12101, et seq. (the foregoing, together with any similar state statute governing access for the disabled or handicapped collectively referred to as the "ADA"):

(a) To the extent the Association is governmentally required as of the Commencement Date of this Lease, Landlord shall be responsible for Landlord's pro-rata share of any assessments for the cost of compliance with Title III of the ADA with respect to any repairs, replacements or alterations to the Common Areas. To the extent the Association is governmentally required subsequent to the Commencement Date of this Lease as a result of an amendment to Title III of the ADA or any regulation thereunder enacted subsequent to the Commencement Date of this Lease, Landlord shall be responsible Landlord's pro-rata share of any assessments for the cost of compliance with Title III of the ADA with respect to any repairs, replacements or alterations to the Common Area. Tenant shall have no obligation to compensate or reimburse Landlord for any costs of compliance with Title III of the ADA with respect to any repairs, replacements or alterations to the Common Areas.

(b) To the extent governmentally required as of the Commencement Date of this Lease, Tenant shall be responsible for the cost of compliance with Title III of the ADA with respect to any Tenant improvements or Tenant's occupancy of the Premises that do not require repairs, replacements, or alterations to the structure of the building within which the Premises are located.

VII. ASSIGNMENT AND SUBLETTING

This Lease shall not be assignable by Tenant. In the event the Landlord sells all of the units which comprise the Premises, this Lease may be assigned to such purchaser (provided purchaser accepts this Lease and terms provided herein) and thereafter the Lease shall remain in full force and effect in accordance with the terms and conditions of this Lease.

VIII. MAINTENANCE AND REPAIR

8.1 Landlord's Obligation. Landlord will be responsible for paying Landlord's pro-rata ownership share as it relates to the Premises in order to maintain, repair and restore in reasonably good order and condition, (i) the Common Area; (ii) the mechanical, plumbing, utilities, electrical and HVAC equipment serving the building within which the Premises are located ; (iii) the structure of the building within which the Premises are located (including roof, exterior walls and foundation); (iv) exterior windows of the aforesaid building; (v) standard lighting within the Common Areas of the building within which the Premises are located; (vi) interior walls within the Common Area; (vii) floor coverings within the Common Areas; (viii) ceilings within the Common Areas; (ix) doors within the Common Areas; (x) entrances to the Premises within the Common Areas; and (xi) window treatments within the Common Areas. [Subject to the terms, covenants and conditions set forth in this Lease, Tenant shall have no obligation to compensate or reimburse Landlord for any pro-rata assessments imposed by the Association for maintenance, repair or restoration of the Project as set forth herein.](#)

8.2 Tenant's Obligation. Subject to Landlord's express obligations set forth in **Section 8.1**, Tenant, at Tenant's expense, shall provide replacement of light bulbs for all fixtures within the Premises, replacement of air filters for all HVAC units within the Premises and routine janitorial maintenance of the Premises so that the Premises is maintained in good condition and repair, reasonable wear and tear and casualty governed by the provisions of **Article XVI** excepted. Tenant will promptly advise Landlord of any damage to the Premises or the Project. All damage or injury to the Premises (excluding Tenant's equipment, personal property and trade fixtures) excluding such damage caused by Tenant's (including Tenant's agents, employees, and invitees) negligence, failure to comply with this Lease, the Declaration, rules and regulations of the Association, or wear and tear shall be repaired, restored or replaced by Landlord provided, however, such obligation shall be subject to Section 16.1 and that the damage or injury to the Premises does not result in a repair, restoration or replacement cost in excess of fifty percent (50%) of the market value of the damaged or injured unit (or units, if more than one unit is damaged or injured) within the Premises.

IX. CONSTRUCTION/ALTERATIONS

9.1 Installing and Operating Tenant's Equipment. Without first obtaining the written consent of Landlord, Tenant shall not install or operate in the Premises (i) any electrically operated equipment or other machinery, other than standard office equipment that does not require wiring, cooling or other service in excess of Building standards; (ii) any equipment of any kind or nature whatsoever which will require any changes, replacements or additions to, or changes in the use of, any water, heating, plumbing, air conditioning or electrical system of the Premises or the Project; or (iii) any equipment which exceeds the electrical or floor load capacity per square foot for the building within which the Premises are located. Machines and equipment which cause noise or vibration that may be transmitted to the structure of the building or to any space therein so as to be objectionable to Landlord or any other Unit Owner or their tenant shall be installed and maintained by Tenant, at its expense, on vibration eliminators or other devices sufficient to eliminate such noise and vibration. Tenant and Tenant's telecommunications companies, including but not limited to, local exchange telecommunications companies and alternative access vendor services companies, shall have the right of access to the Premises and Landlord, subject to the Declaration, does not object to such access as to the Common Areas for the installation and operation of telecommunications systems, including but not limited to, voice, video, data, and any other telecommunications services provided over wire, fiber optic, microwave, wireless, and any other transmission systems, for part or all of Tenant's telecommunications within the building within which the Premises are located. Tenant's phone boards and similar equipment shall be located within the Premises.

9.2 Alterations. Tenant shall not make or permit any alterations, additions or improvements of any kind or nature to the Premises or the Project, whether structural or nonstructural, interior, exterior or otherwise

("Alterations") without the prior written consent of Landlord, said consent not to be unreasonably withheld or delayed. Landlord may impose any reasonable conditions to its consent, including, without limitation: (i) prior approval of the plans and specifications and contractor(s) with respect to the Alterations (provided that Landlord may designate specific contractors with respect to Building systems); (ii) supervision by Landlord's representative of the Alterations; (iii) proof of worker's compensation insurance and commercial general liability insurance in such amounts and meeting such requirements as reasonably requested by Landlord; (iv) delivery to Landlord of written and unconditional waivers of mechanic's and materialmen's liens as to the Project for all work, labor and services to be performed and materials to be furnished, signed by all contractors, subcontractors, materialmen and laborers participating in the Alterations; (v) delivery of permits, certificates of occupancy, "as-built" plans, and equipment manuals; and (vi) any security for performance or payment that is reasonably required by Landlord. The Alterations shall conform to the requirements of federal, state and local governments having jurisdiction over the Premises, including, without limitation, the ADA, the OSHA General Industry Standard (29 C.F.R. Section 1910.1001, et seq.), and the OSHA Construction Standard (29 C.F.R. Section 1926.1001, et seq.) and shall be performed in accordance with the terms and provisions of this Lease and in a good and workmanlike manner using material of a quality that is at least equal to the quality designated by Landlord as the minimum standard for the building. Landlord may designate reasonable rules, regulations and procedures for the performance of work in the building and, to the extent reasonably necessary to avoid disruption to the occupants of the building, shall have the right to designate the time when Alterations may be performed. If the Alterations are not performed as herein required, Landlord shall have the right, at Landlord's option, to halt any further Alterations, or to require Tenant to perform the Alterations as herein required or to require Tenant to return the Premises to its condition before such Alterations. All or any part of the Alterations (including, without limitation, wiring), whether made with or without the consent of Landlord, shall, at the election of Landlord, either be removed by Tenant at its expense before the expiration of the Term or shall remain upon the Premises and be surrendered therewith at the Expiration Date or earlier termination of this Lease as the property of Landlord without disturbance, molestation or injury. Landlord's election shall be made at the time Landlord approves installation of such Alterations. If Landlord requires the removal of all or part of the Alterations, Tenant, at its expense, shall repair any damage to the Premises or the Project caused by such removal and restore the Premises and the Project to its condition prior to the construction of such Alterations. If Tenant fails to remove the Alterations upon Landlord's request and repair and restore the Premises and Project, then Landlord may (but shall not be obligated to) remove, repair and restore the same and the cost of such removal, repair and restoration together with any and all damages which Landlord may suffer and sustain by reason of the failure of Tenant to remove, repair and restore the same, shall be charged to Tenant and paid upon demand. Notwithstanding the foregoing, Tenant may remove any trade fixtures, business equipment, personal property and furniture, provided that Tenant repairs any damage to the Premises resulting from the removal of such items and restores the Premises to its condition prior to the installation of such items, except as otherwise agreed in writing by Landlord. Any and all alterations shall be at Tenant's sole expense and subject to the Declaration.

9.3 Mechanics' Liens.

(a) Tenant will pay or cause to be paid all costs and charges for: (i) work done by Tenant or caused to be done by Tenant, in or to the Premises; and (ii) materials furnished for or in connection with such work. **Tenant will indemnify Landlord against and hold Landlord, the Premises, and the Project free, clear and harmless of and from all mechanics' liens and claims of liens, and all other liabilities, liens, claims, and demands on account of such work by or on behalf of Tenant.** If any such lien, at any time, is filed against the Premises, or any part of the Project, Tenant will promptly cause such lien to be discharged of record, except that if Tenant desires to contest such lien, it will furnish Landlord, within such 10-day period, a bond or other security reasonably satisfactory to Landlord of at least 150% of the amount of the claim. If a final judgment establishing the validity or existence of a lien for any amount is entered, Tenant will immediately pay and satisfy the same. If Tenant fails to pay any charge for which a mechanic's lien has been filed, and has not given Landlord a bond or other security as described above, Landlord may, at its option, pay such charge and related costs and interest, and the amount so paid, together with attorneys' fees incurred in connection with such lien, will be immediately due from Tenant to Landlord as Additional Rent. If Tenant receives notice that a lien has been or is about to be filed against the Premises or any part of the Project or any action affecting title to the Project has been commenced on account of work done by or for or materials furnished to or for Tenant, it will immediately give Landlord written notice of such notice. At least 15 days prior to the commencement of any work (including, but not limited to, any maintenance, repairs or Alteration) in or to the Premises, by or for Tenant, Tenant will give Landlord written notice of the proposed work and the names and addresses of the persons supplying labor and materials for the proposed work.

(b) NOTHING IN THIS LEASE SHALL BE DEEMED TO BE, OR CONSTRUED IN ANY WAY AS CONSTITUTING, THE CONSENT OR REQUEST OF LANDLORD, EXPRESSED OR IMPLIED, BY INFERENCE OR OTHERWISE, TO ANY PERSON, FIRM OR CORPORATION FOR THE PERFORMANCE OF ANY LABOR OR THE FURNISHING OF ANY MATERIALS FOR ANY CONSTRUCTION, REBUILDING, ALTERATION OR REPAIR OF OR TO THE PREMISES OR ANY PART THEREOF, NOR AS GIVING TENANT ANY RIGHT, POWER OR AUTHORITY TO CONTRACT FOR OR PERMIT THE RENDERING OF ANY SERVICES OR THE FURNISHING OF ANY MATERIALS WHICH MIGHT IN ANY WAY GIVE RISE TO THE RIGHT TO FILE ANY LIEN AGAINST THE BUILDING, PROJECT, LAND, PREMISES, OR LANDLORD'S INTEREST THEREIN. TENANT SHALL NOTIFY ANY CONTRACTOR PERFORMING ANY CONSTRUCTION WORK IN THE PREMISES ON BEHALF OF TENANT THAT THIS LEASE SPECIFICALLY PROVIDES THAT THE INTERESTS OF LANDLORD IN THE BUILDING, PROJECT, LAND, AND PREMISES SHALL NOT BE SUBJECT TO LIENS FOR IMPROVEMENTS MADE BY TENANT, AND NO MECHANIC'S LIEN OR OTHER LIEN FOR ANY SUCH LABOR, SERVICES, MATERIALS, SUPPLIES, MACHINERY, FIXTURES OR EQUIPMENT SHALL ATTACH TO OR AFFECT THE ESTATE OR INTEREST OF LANDLORD IN AND TO THE BUILDING, PROJECT, LAND, PREMISES, OR ANY PORTION THEREOF. IN ADDITION, LANDLORD SHALL HAVE THE RIGHT TO POST AND KEEP POSTED AT ALL TIMES ON THE PREMISES ANY NOTICES THAT MAY BE REQUIRED OR ADVISABLE FOR THE PROTECTION OF LANDLORD AND THE BUILDING, PROJECT, LAND, OR PREMISES FROM ANY SUCH LIEN. TENANT AGREES TO PROMPTLY EXECUTE SUCH INSTRUMENTS IN RECORDABLE FORM IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF FLORIDA STATUTES, SECTION 713.10. FURTHER, THE TENANT AGREES TO PROMPTLY NOTIFY ANY CONTRACTOR MAKING ANY IMPROVEMENTS TO THE PREMISES OF THE PROVISIONS OF THIS LEASE CONTAINED IN THIS SECTION.

X. SIGNS

Except as to such sign that may exist as of the Commencement Date, no sign, advertisement or notice shall be inscribed, painted, affixed, placed or otherwise displayed by Tenant on any part of the Project or the outside or the inside (to the extent visible from the exterior of the Premises or building) of the building or the Premises. If any prohibited sign, advertisement or notice is exhibited by Tenant, Landlord shall have the right to remove the same, and Tenant shall pay upon demand any and all expenses incurred by Landlord in such removal. Additional wall and directory signage shall be allowed at Tenant's reasonable discretion and expense, provided said additional signage does not violate any applicable laws, ordinances and regulations, the Declaration, or Association rules.

XI. RIGHT OF ENTRY

Tenant shall permit Landlord or its Agents to enter the Premises without charge therefor to Landlord and without diminution of Rent or claim of constructive eviction: (i) to clean, inspect and protect the Premises and the Project; (ii) to make such alterations and repairs to the Premises or any portion of the building within which the Premises are located, including other tenants' premises, which Landlord determines to be reasonably necessary; (iii) to exhibit the same to prospective purchaser(s) of the building or all or portions of the Landlord's interest in the Project or to present or future Mortgagees; or (iv) to exhibit the Premises to prospective tenants during the last twelve (12) months of the Term. Landlord will endeavor to minimize, as reasonably practicable, any interference with Tenant's business and shall provide Tenant with prior notice of entry into the Premises (which may be given verbally), except with respect to the provision of janitorial services (to the extent, if any, provided by Landlord, at its sole option) after Normal Business Hours or in the event of an apparent emergency condition arising within or affecting the Premises that endangers or threatens to endanger property or the safety of individuals.

XII. INSURANCE

12.1 Certain Insurance Risks. Tenant will not do or permit to be done any act or thing upon the Premises or the Project which would: (i) jeopardize or be in conflict with fire insurance policies covering the Premises or Project, and fixtures and property therein; or (ii) increase the rate of fire insurance applicable to the Premises or the Project to an amount higher than it otherwise would be for general office use of the Project or Premises; or (iii) subject Landlord to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being conducted upon the Premises.

12.2 Landlord's Insurance. At all times during the Term, Landlord will carry and maintain:

- (a) Fire and extended coverage insurance covering the Premises, ;
- (b) Bodily injury and property damage insurance; and
- (c) Such other insurance as Landlord reasonably determines from time to time.

The insurance coverages and amounts in this Section 12.2 will be determined by Landlord in an exercise of its reasonable discretion.

12.3 Tenant's Insurance. On or before the earlier to occur of (i) the Commencement Date; or (ii) the date Tenant commences any work of any type in the Premises pursuant to this Lease (which may be prior to the Commencement Date) and continuing throughout the Term, Tenant will carry and maintain, at Tenant's expense, the following insurance, in the minimum amounts specified below or such other amounts as Landlord may from time to time reasonably request:

(a) Commercial general liability insurance, with a combined single occurrence limit and aggregate of not less than \$1,000,000;

(b) All risk property covering all of Tenant's furniture and fixtures, machinery, equipment, stock and any other personal property owned and used in Tenant's business and found in, on or about the Project, and any leasehold improvements to the Premises in excess of any initial buildout of the Premises by the Landlord, in an amount not less than the full replacement cost;

(c) Worker's compensation insurance insuring against and satisfying Tenant's obligations and liabilities under the worker's compensation laws of the state of Florida; and

(d) If Tenant operates owned, hired, or nonowned vehicles on the Project, comprehensive automobile liability will be carried at a limit of liability not less than \$1,000,000 combined bodily injury and property damage;

(e) All insurance required under this Section 12.3 shall be issued by such good and reputable insurance companies qualified to do and doing business in the state including, but not limited to the Florida League of Cities Insurance Trust.

XIII. SERVICES AND UTILITIES

13.1 Ordinary Services to the Premises. Subject to the terms and conditions of this Lease, Landlord shall ensure or otherwise furnish to the Premises throughout the Term so long as the Premises are occupied: (i) heating, ventilation, and air conditioning ("HVAC") appropriate for the Permitted Use; (ii) reasonable use of all existing basic intra-building and/or Project telephone and network cabling; (iii) hot and cold water from points of supply; (iv) restrooms; (v) elevator service (if any), provided that Landlord shall have the right to remove such elevators from service as may reasonably be required for moving freight or for servicing or maintaining the elevators or the building; and (vi) proper facilities to furnish sufficient electrical power for building standard lighting, facsimile machines, personal computers, printers, copiers and other customary business equipment. The cost of all such services shall not be the responsibility of the Tenant. Landlord may establish reasonable measures to conserve energy and water.

13.2 Additional Services. Should Tenant desire any additional services beyond those described in Section 13.1 and Section 8, or a rendition of any of such services outside the normal times for providing such service, Landlord may (at Landlord's option), upon reasonable advance notice from Tenant to Landlord, furnish such services, and Tenant agrees to pay Landlord upon demand Landlord's additional expenses resulting therefrom.

13.3 Interruption of Utilities or Services. Landlord reserves the right temporarily to discontinue the services set forth in the foregoing paragraph 13.1 and 13.2, or any of them, at such times as may be necessary by reason of accident, repairs, alterations or improvement, strikes, lockouts, riots, acts of God, governmental preemption in connection with a national or local emergency, any rule, order or regulation of any governmental agency, conditions of supply and demand which make any product unavailable, Landlord's compliance with any mandatory or voluntary governmental energy conservation or environmental protection program, or any other happening beyond the control of Landlord. In the event of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's reasonable opinion, Landlord will have the right to prevent access to the Premises during the continuance of the same by such means as Landlord, in its reasonable discretion may deem appropriate. Notwithstanding the foregoing, in the event of any failure to furnish, or any stoppage of, the following specified services for a period in excess of five (5) consecutive business days, and if: (a) such interruption is restricted to the Premises and is not a neighborhood blackout; (b) such failure to furnish or stoppage is caused by the negligence or willful misconduct of Landlord or by the failure of Landlord to commence and diligently pursue repairs for which Landlord is responsible under this Lease; (c) such interruption results in the Premises becoming untenable; and (d) Tenant actually ceases to occupy the Premises as a result thereof, Tenant shall be entitled to terminate the Lease.

13.4 Telephone, Data Communications, Water, Sewer and Electric Service. Notwithstanding anything herein to the contrary, all telephone, data communications, water, sewer and electric services used by Tenant in the Premises shall be paid for directly by Tenant.

XIV. LIABILITY OF LANDLORD AND TENANT

14.1 Indemnification. **Except to the extent caused by the gross negligence or willful misconduct of Landlord,** Tenant will neither hold nor attempt to hold Landlord liable for, and Tenant will indemnify, hold harmless and defend (with counsel reasonably acceptable to Landlord) Landlord from and against, any and all demands, claims, causes of action, fines, penalties, damages, liabilities, judgments, and expenses (including, without limitation, reasonable attorneys' fees) incurred in connection with or arising from (i) the use or occupancy or manner of use or occupancy of the Premises by Tenant; (ii) any activity, work or thing done, permitted or suffered by Tenant in or about the Premises or the Project; (iii) any acts, omissions or negligence of Tenant ; (iv) any breach, violation or nonperformance by Tenant of any term, covenant or provision of this Lease or any law, ordinance or governmental requirement of any kind; and (v) any injury or damage to the person, property or business of Tenant.

Except to the extent caused by the gross negligence or willful misconduct of Tenant, Landlord will neither hold nor attempt to hold Tenant liable for, and Landlord will indemnify, hold harmless and defend (with counsel reasonably acceptable to Tenant) Tenant, from and against, any and all demands, claims, causes of action, fines, penalties, damages, liabilities, judgments, and expenses (including, without limitation, reasonable attorneys' fees) incurred in connection with or arising from (i) the management of, or any work done in or about, the Project by Landlord or its property manager; (ii) any acts, omissions or negligence of Landlord ; (iii) any breach, violation or nonperformance by Landlord of any term, covenant or provision of this Lease or any law, ordinance or governmental requirement of any kind; and (iv) any injury or damage to the person, property or business of Landlord.

14.2 Survival. The covenants, agreements and indemnification obligations under this Article XIV will survive the expiration or earlier termination of this Lease. The covenants, agreements and indemnification obligations are not intended to and will not relieve any insurance carrier of its obligations under policies required to be carried by any party pursuant to the provisions of this Lease.

XV. RULES AND REGULATIONS

Tenant shall at all times abide by and observe the Declaration and Rules and Regulations that may reasonably be promulgated from time to time by the Association or Landlord for the operation and maintenance of the Project and the Rules and Regulations shall be deemed to be covenants of the Lease to be performed and/or observed by Tenant. Nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the Declaration or Rules and Regulations, or the terms or provisions contained in any other lease, against any other tenant of the Project. Landlord shall not be liable to Tenant for any violation by any party of

the Declaration or Rules and Regulations or the terms of any other Project lease. In the event the Association adopts such rules and regulations which prohibit the City's use of Premises for the purposes contemplated herein, or which expressly contradict the express terms of this Lease, then, upon ninety (90) days written notice to the Landlord, the City may terminate this Lease without penalty.

XVI. DAMAGE; CONDEMNATION

16.1 Damage to the Premises. If the Premises or the Building are damaged by fire or other insured cause to such an extent that, in Landlord's reasonable judgment, the damage cannot be substantially repaired within 270 days after the date of such damage, or if the Premises are substantially damaged ~~after April 30, 2014 during the last Lease Year~~, then: (i) Landlord may terminate this Lease as of the date of such damage by written notice to Tenant; or (ii) Tenant may terminate this Lease as of the date of such damage by written notice to Landlord within 10 days after (a) Landlord's delivery of a notice that the repairs cannot be made within such 270-day period (Landlord shall use reasonable efforts to deliver to Tenant such notice within 60 days of the date of such damage or casualty); or (b) the date of damage, in the event the damage occurs during the last year of the Lease.

16.2 Condemnation. Upon condemnation of the Premises by a governmental agency, this Lease shall terminate upon the title of the property vesting in the governmental agency. Tenant shall have no claim against Landlord (or otherwise) as a result of such taking, and Tenant hereby agrees to make no claim against the condemning authority for any portion of the amount that may be awarded as compensation or damages as a result of such taking; provided, however, that Tenant may, to the extent allowed by law, claim an award for moving expenses and for the taking of any of Tenant's property (other than its leasehold interest in the Premises) which does not, under the terms of this Lease, become the property of Landlord at the termination hereof, as long as such claim is separate and distinct from any claim of Landlord and does not diminish Landlord's award. Tenant hereby assigns to Landlord any right and interest it may have in any award for its leasehold interest in the Premises. This paragraph shall not apply if the condemning government agency is the City of Palm Coast.

XVII. DEFAULT OF TENANT AND LANDLORD

17.1 Events of Default By Tenant. Each of the following shall constitute an Event of Default By Tenant: (i) Tenant fails to observe or perform any other term, condition or covenant herein binding upon or obligating Tenant within 20 days after written notice from Landlord; provided, however, that if Landlord reasonably determines that such failure cannot be cured within said 20-day period, then Landlord may in its reasonable discretion extend the period to cure the default for up to an additional 20 days provided Tenant has commenced to cure the default within the 20-day period and diligently pursues such cure to completion (notwithstanding the foregoing, if Landlord provides Tenant with notice of Tenant's failure to observe or perform any term, condition or covenant under this **Subsection (i)** on 2 or more occasions during any 12 month period, then Tenant's subsequent violation shall, at Landlord's option, be deemed an Event of Default immediately upon the occurrence of such failure, regardless of whether Landlord provides Tenant notice, or Tenant has commenced the cure of the same); (ii) Tenant fails to take occupancy of the Premises within 90 days after the Commencement Date; (iii) Tenant fails to execute and return a subordination agreement or estoppel within the time periods provided for in **Article XXI**; or (iv) Tenant fails to timely pay Landlord rent or any other monetary amounts as provided herein; and (v) Tenant fails to immediately remedy or discontinue any hazardous conditions which Tenant has created or permitted in violation of law or of this Lease. Any notice periods provided for under this **Section 17.1** shall run concurrently with any statutory notice periods and any notice given hereunder may be given simultaneously with or incorporated into any such statutory notice.

17.2 Landlord's Remedies. Upon the occurrence of an Event of Default By Tenant, Landlord, at its option, without further notice or demand to Tenant, may, in addition to all other rights and remedies provided in this Lease, at law or in equity, elect to terminate this Lease, and retake possession of the Premises.

17.3 Events of Default By Landlord. Each of the following shall constitute an Event of Default By Landlord: (i) Landlord fails to observe or perform any other term, condition or covenant herein binding upon or obligating Landlord within 20 days after written notice from Tenant; provided, however, that if Tenant reasonably determines that such failure cannot be cured within said 20-day period, then Tenant may in its reasonable discretion extend the period to cure the default for up to an additional 20 days provided Landlord has commenced to cure the

default within the 20-day period and diligently pursues such cure to completion (notwithstanding the foregoing, if Tenant provides Landlord with notice of Landlord's failure to observe or perform any term, condition or covenant under this **Subsection (i)** on 2 or more occasions during any 12 month period, then Landlord's subsequent violation shall, at Tenant's option, be deemed an Event of Default By Landlord immediately upon the occurrence of such failure, regardless of whether Tenant provides Landlord notice, or Landlord has commenced the cure of the same); (ii) Landlord fails to make the Premises suitable for occupancy within 30 days after the Commencement Date; or (iii) Landlord fails to immediately remedy or discontinue any hazardous conditions which Landlord has created or permitted in violation of law or of this Lease; or (iv) Landlord fails, upon notice and within a reasonable time, to remedy a situation that makes the Premises unsuitable for Tenant's occupancy, provided such situation was not caused or otherwise arose as a result of the actions or inactions of Tenant or its agents, invitees, contractors, or employees. Any notice periods provided for under this **Section 17.3** shall run concurrently with any statutory notice periods and any notice given hereunder may be given simultaneously with or incorporated into any such statutory notice.

17.4 **Tenant's Remedies.** Upon the occurrence of an Event of Default By Landlord, Tenant, at its option, without further notice or demand to Landlord, may, in addition to all other rights and remedies provided in this Lease, at law or in equity, elect to terminate this Lease.

XVIII. MORTGAGES

This Lease is subject and subordinate to all ground or underlying leases and to any present or future mortgage, deed of trust, security interest, or title retention interest affecting the Land, Building or Project (the "Mortgage") and to all renewals, modifications, consolidations, replacements and extensions thereof. This subordination shall be self-operative; however, in confirmation thereof, Tenant shall, within 10 days of receipt thereof, execute any instrument that Landlord or any holder of any note or obligation secured by a Mortgage (the "Mortgagee") may request confirming such subordination. Notwithstanding the foregoing, before any foreclosure sale under a Mortgage, the Mortgagee shall have the right to subordinate the Mortgage to this Lease, and, in the event of a foreclosure, this Lease may continue in full force and effect and Tenant shall attorn to and recognize as its landlord the purchaser of Landlord's interest under this Lease. Tenant shall, upon the request of a Mortgagee or purchaser at foreclosure, execute, acknowledge and deliver any instrument that has for its purpose and effect the subordination of the lien of any Mortgage to this Lease or Tenant's attornment to such Purchaser.

XIX. SURRENDER

Tenant shall peaceably surrender the Premises to Landlord on the Expiration Date or earlier termination of this Lease, in broom-clean condition and in as good condition as when Tenant took possession, including, without limitation, the repair of any damage to the Premises caused by the removal of any of Tenant's personal property or trade fixtures from the Premises, except for reasonable wear and tear and loss by fire or other casualty (as provided for in Article XVI). All trade fixtures, equipment, furniture, inventory, effects and Alterations left on or in the Premises or the Project after the Expiration Date or earlier termination of this Lease will be deemed conclusively to have been abandoned and may be appropriated, removed, sold, stored, destroyed or otherwise disposed of by Landlord without notice to Tenant or any other person and without obligation to account for them; and Tenant will pay Landlord for all expenses incurred in connection with the same, including, but not limited to, the costs of repairing any damage to the Premises or the Project caused by the removal of such property. Tenant's obligation to observe and perform this covenant will survive the expiration or other termination of this Lease.

XX. QUIET ENJOYMENT

Landlord covenants that if Tenant performs all of the terms and conditions of this Lease to be performed by Tenant, Tenant shall during the Term peaceably and quietly occupy and enjoy possession of the Premises without molestation or hindrance by Landlord or any party claiming through or under Landlord, subject to the provisions of this Lease, any restrictions and any Mortgage to which this Lease is subordinate.

XXI. MISCELLANEOUS

21.1 **No Representations by Landlord.** Tenant acknowledges that Landlord has not made any representation or promise with respect to the Premises, the Project, the Common Area, except as herein expressly set forth, and no rights, privileges, easements or licenses are acquired by Tenant except as herein expressly set forth.

21.2 **No Partnership.** Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between Landlord and Tenant, or to create any other relationship between Landlord and Tenant other than that of landlord and tenant.

21.3 **Estoppel Certificate.** Tenant shall, without charge, at any time and from time to time, within 10 days after request therefor by Landlord, execute, acknowledge and deliver to Landlord a written estoppel certificate certifying, as of the date of such estoppel certificate, the following: (i) that this Lease is unmodified and in full force and effect (or if modified, that the Lease is in full force and effect as modified and setting forth such modifications); (ii) that the Term has commenced (and setting forth the Commencement Date and Expiration Date); (iii) that Tenant is presently occupying the Premises; (iv) the amounts of Basic Rent and Additional Rent currently due and payable by Tenant; (v) that any Alterations or Work required by the Lease to have been made or paid for by Landlord have been made or paid for to the satisfaction of Tenant; (vi) that there are no existing set-offs, charges, liens, claims or defenses against the enforcement of any right hereunder, including, without limitation, Basic Rent or Additional Rent (or, if alleged, specifying the same in detail); (vii) that no Basic Rent has been paid more than 30 days in advance of its due date; (viii) that Tenant has no knowledge of any then uncured default by Landlord of its obligations under this Lease (or, if Tenant has such knowledge, specifying the same in detail); (ix) that Tenant is not in default; (x) that the address to which notices to Tenant should be sent is as set forth in the Lease (or, if not, specifying the correct address); and (xi) any other certifications reasonably requested by Landlord.

21.4 **Venue; Waiver of Jury Trial.** **VENUE FOR ANY DISPUTE SHALL BE FLAGLER COUNTY, FLORIDA. LANDLORD AND TENANT EACH KNOWINGLY AND VOLUNTARILY WAIVE TRIAL BY JURY IN CONNECTION WITH PROCEEDINGS OR COUNTERCLAIMS BROUGHT BY EITHER OF THE PARTIES AGAINST THE OTHER WITH RESPECT TO ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT HEREUNDER OR TENANT'S USE OR OCCUPANCY OF THE PREMISES.**

21.5 **Notices.** All notices or other communications hereunder shall be in writing and shall be deemed duly given if addressed and delivered to the respective parties' addresses, as set forth in **Article I**: (i) in person; (ii) by Federal Express or similar overnight carrier service; or (iii) mailed by certified mail, return receipt requested, postage prepaid. Such notices shall be deemed received upon the earlier of receipt or, if mailed by certified mail, 3 days after such mailing. Landlord and Tenant may from time to time by written notice to the other designate another address for receipt of future notices.

21.6 **Invalidity of Particular Provisions.** If any provisions of this Lease or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the full extent permitted by law.

21.7 **Gender and Number.** All terms and words used in this Lease, regardless of the number or gender in which they are used, shall be deemed to include any other number or gender as the context may require.

21.8 **Benefit and Burden.** Except as otherwise expressly provided under this Lease, the provisions of this Lease shall be binding upon, and shall inure to the benefit of, the parties hereto and each of their respective representatives, heirs, successors and assigns.

21.9 **Entire Agreement.** This Lease (which includes the Exhibits attached hereto) contains and embodies the entire agreement of the parties hereto, and no representations, inducements or agreements, oral or

otherwise, between the parties not contained in this Lease shall be of any force or effect. This Lease (other than the Rules and Regulations, which may be changed from time to time as provided herein) may not be modified, changed or terminated in whole or in part in any manner other than by an agreement in writing duly signed by Landlord and Tenant.

21.10 Authority. The person executing this Lease on behalf of Tenant hereby represents and warrants that Tenant is duly formed, validly existing, in good standing, and qualified to do business in the state in which the Project is located, that the Tenant has full power and authority to enter into this Lease, and that he or she is authorized to execute this Lease on behalf of the Tenant. Tenant further agrees that upon Landlord's request, it shall provide Landlord with a resolution certifying as to the above in a form acceptable to Landlord.

21.11 Attorneys' Fees. If either Landlord or Tenant commences, engages in, or threatens to commence or engage in any legal action or proceeding against the other party (including, without limitation, litigation or arbitration) arising out of or in connection with the Lease, (including, without limitation (a) the enforcement or interpretation of either party's rights or obligations under this Lease (whether in contract, tort, or both) or (b) the declaration of any rights or obligations under this Lease), each party shall bear their own attorneys' fees, costs, and expenses incurred through all appeals.

21.12 Interpretation. This Lease is governed by the laws of the state in which the Project is located. Furthermore, this Lease shall not be construed against either party more or less favorably by reason of authorship or origin of language.

21.13 Force Majeure. Landlord and Tenant shall not be chargeable with, liable for, or responsible to the other for anything or in any amount for any failure to perform or delay caused by: fire; earthquake; explosion; flood; hurricane; the elements; acts of God or the public enemy; actions, restrictions, governmental authorities (permitting or inspection), governmental regulation of the sale of materials or supplies or the transportation thereof; war; invasion; insurrection; rebellion; riots; strikes or lockouts, inability to obtain necessary materials, goods, equipment, services, utilities or labor; or any other cause whether similar or dissimilar to the foregoing which is beyond the reasonable control of such party (collectively, "Events of Force Majeure"); and any such failure or delay due to said causes or any of them shall not be deemed to be a breach of or default in the performance of this Lease.

21.14 Headings. Captions and headings are for convenience of reference only.

21.15 Memorandum of Lease. Neither Landlord nor Tenant shall record this Lease in its entirety; however, a memorandum thereof may be recorded without the consent of the other in a form substantially similar to Exhibit C attached hereto.

21.16 Sovereign Immunity. Notwithstanding any other provision set forth in this Agreement, nothing contained in this Agreement shall be construed as a waiver of the Tenant's right to sovereign immunity under Section 768.28, Florida Statutes, or other limitations imposed on the Tenant's potential liability under state or federal law. As such and in accordance with said statutory reference: (a) the Tenant and its employees and officers shall not be liable, under this Agreement for punitive damages or interest for the period before judgment; and (b) the Tenant shall not be liable for any claim or judgment, or portion thereof, to any one person for more than two hundred thousand dollars (\$200,000.00), or any claim or judgment, or portion thereof, which, when totaled with all other claims or judgments paid by the State or its agencies and subdivisions arising out of the same incident or occurrence, exceeds the sum of three hundred thousand dollars (\$300,000.00).

21.17 Radon Gas. Radon 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 your county public health unit. Landlord makes no representation to Tenant concerning the presence or absence of radon gas in the Premises or the Building at any time or in any quantity. By executing this Lease, Tenant expressly releases Landlord from any loss, claim, liability, or damage now or hereafter arising from or relating to the presence at any time of such substances in the Premises or the Building.

XXII. RENEWAL

The Lease may be renewed for two (2) additional consecutive one (1) year terms, provided that Tenant notify Landlord in writing at least six (6) months prior to the termination of the Term of its intent to renew and provided that prior to the expiration of the Term, Tenant and Landlord agree upon a rental rate and execute an amendment to this Lease. Renewal of the City Premises identified in Subsection 1.1(a) shall be at the current market rate for such commercial space as determined and agreed upon by the parties. Any changes additions, modifications or revisions to the terms of this Lease must be in writing and mutually agreed upon by the parties. Any renewals of this Lease shall also include Landlord’s agreement as to the Sheriff’s Substation as provided in Section 1.1(b) of this Lease.

XXIII. AS-IS

Tenant has inspected the Premises to the extent desired by Tenant and is satisfied with the physical and mechanical condition thereof, and the taking of possession by Tenant is conclusive evidence of receipt of them in good order and repair, and with full knowledge of their condition. Notwithstanding anything to the contrary contained in this Lease, Landlord has not made and does not make any representations or warranties as to the physical condition or any other matter or thing affecting or pertaining to the Premises, and Tenant expressly acknowledges and agrees to take the same “AS IS.” It is understood and agreed that all understandings and agreements hereto had between the parties are merged into this Lease and that the same is entered into after full investigation, neither party relying upon any statements or representations not embodied in this Lease, made by the other. Tenant acknowledges that Landlord has afforded Tenant the opportunity of a full and complete investigation, examination, and inspection of the Premises and all matters and items relating thereto or connected therewith.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the Date of Lease.

LANDLORD:

EAGLE FL III SPE, LLC, a North Carolina limited liability company

By: _____
Name: _____
Title: _____

Date Executed by Landlord: _____

Witness: _____
Printed Name: _____

Witness: _____
Printed Name: _____

TENANT:

CITY OF PALM COAST, a Florida municipal corporation

By: _____
Name: _____
Title: _____

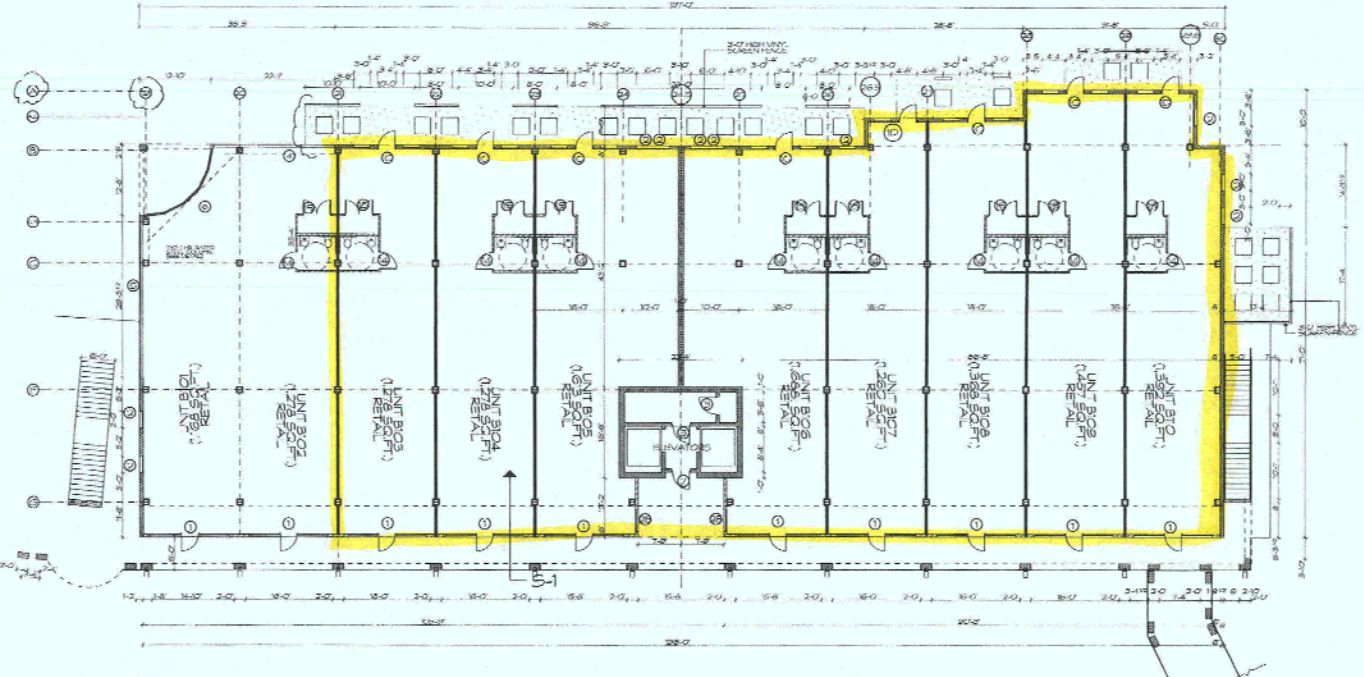
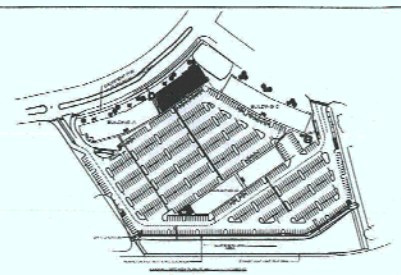
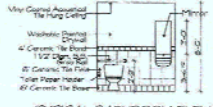
Date Executed by Tenant: _____

Witness: _____
Printed Name: _____

Witness: _____
Printed Name: _____

EXHIBIT A-1

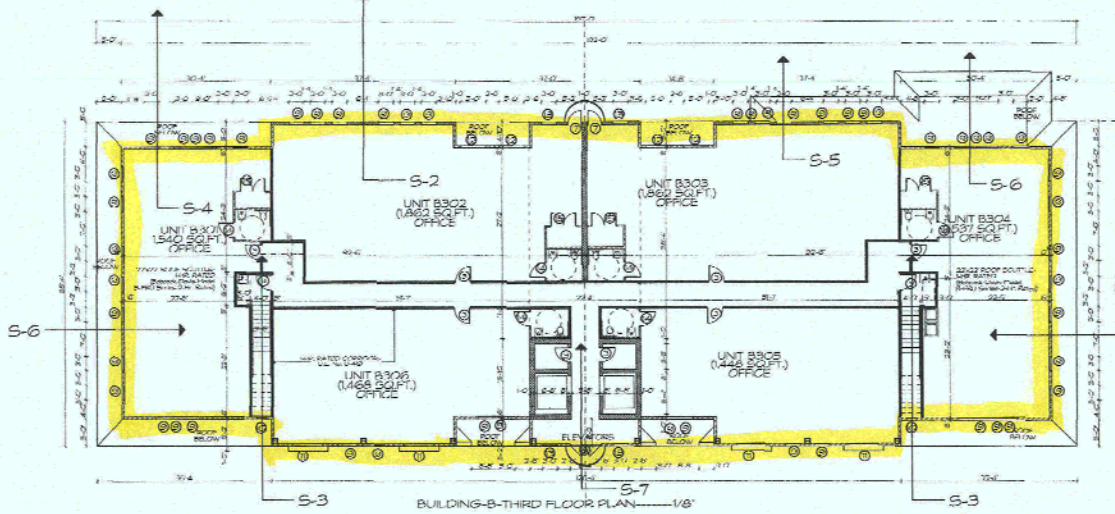
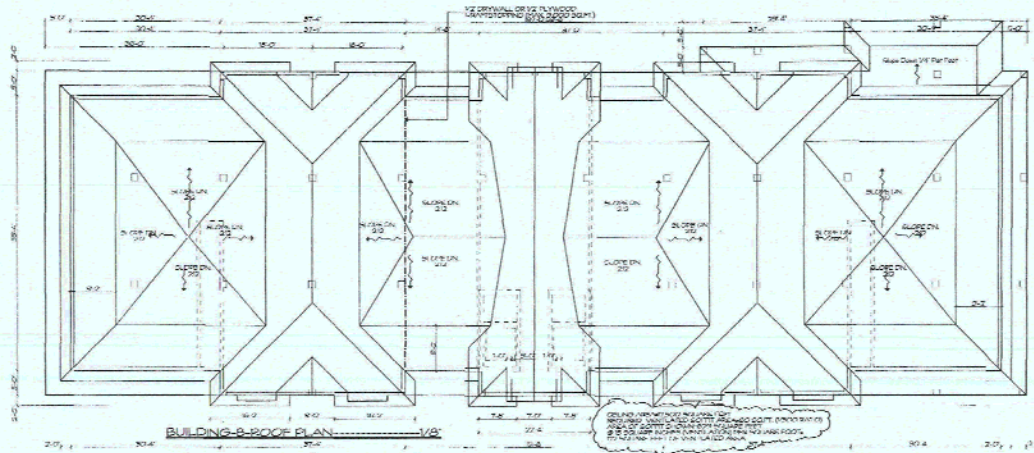
PLAN SHOWING PREMISES



BUILDING-B-FIRST FLOOR PLAN -----1/8"

20054608 9

<p>PROJ. NO. 02005</p>
<p>DATE: 02/13</p>
<p>SCALE: AS SHOWN</p>
<p>PROPOSED COMMERCIAL DEVELOPMENT "CITY WALK" For Mr. BHAGWAN ASHANI</p> <p>FLORIDA PALM COAST</p>
<p>ARCHITECT: ER ERENSON & ROSSIGNOL, P.A. REGISTERED ARCHITECTS 1121 W. PALM BEACH BLVD., SUITE 200 PALM BEACH, FLORIDA 33480 TEL: 561-838-1100 WWW.ERENSONANDROSSIGNOL.COM</p>
<p>CLIENT: CHC</p>
<p>DATE: 02/13</p>
<p>PROJECT TITLE: BUILDING B FIRST FLOOR PLAN</p>
<p>SCALE: A-1</p>



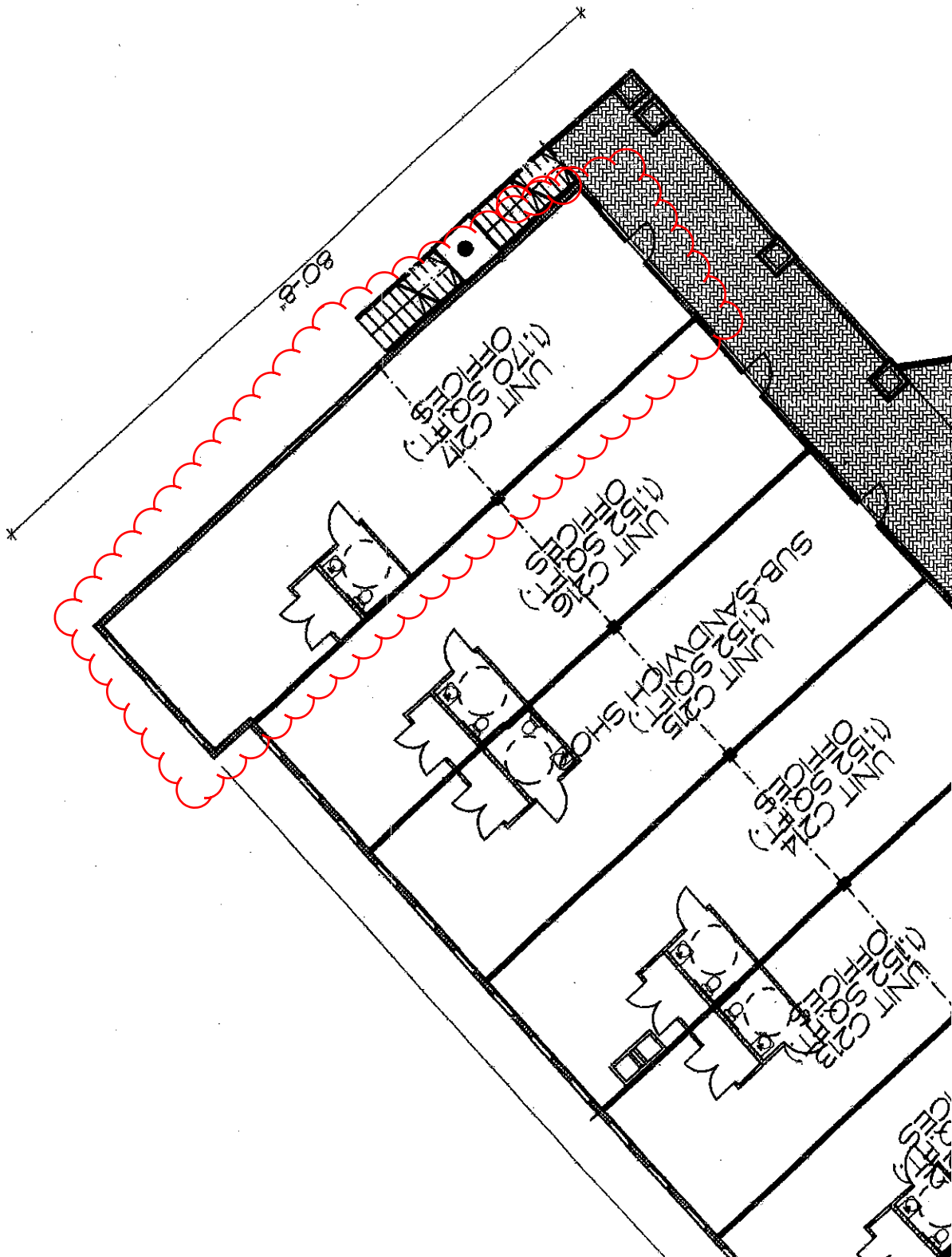
PROPOSED COMMERCIAL DEVELOPMENT
 "CITY WALK"
 For Mr. BHAGWAN ASHANI
 FLORIDA
 PAM COSET

DATE: 02/17/2011
 DRAWN BY: [Signature]
 CHECKED BY: [Signature]
 PROJECT NO: [Number]
 SHEET NO: A-3

EXHIBIT A-1
 PAGE 2

EXHIBIT A-2

PLAN SHOWING PREMISES OF SHERIFF'S SUBSTATION



THIS DRAWING & ITS REPRODUCTIONS ARE INSTRUMENTS OF SERVICE & ALL DESIGN INFORMATION SHOWN HEREON ARE PROVIDED IN CONFIDENCE & REMAIN THE SOLE PROPERTY OF LARRY W. ROBINSON ARCHITECT. THE USE OF THIS DESIGN & ALL INFORMATION PROVIDED ON THIS DOCUMENT FOR ANY OTHER PURPOSE OTHER THAN THE SPECIFIC PROJECT NAMED HEREON IS STRICTLY PROHIBITED WITHOUT THE WRITTEN CONSENT OF LARRY W. ROBINSON ARCHITECT.

UNAUTHORIZED ALTERATION OR ADDITION TO THIS DOCUMENT IS A VIOLATION OF FLORIDA STATUTES. ONLY COPIES MADE FROM THE ORIGINAL OF THIS DOCUMENT BEARING AN ORIGINAL EMBOSSED SEAL, SIGNATURE & DATE SHALL BE CONSIDERED TO BE VALID COPIES.

DATE

5/20/04

COMM. NO.

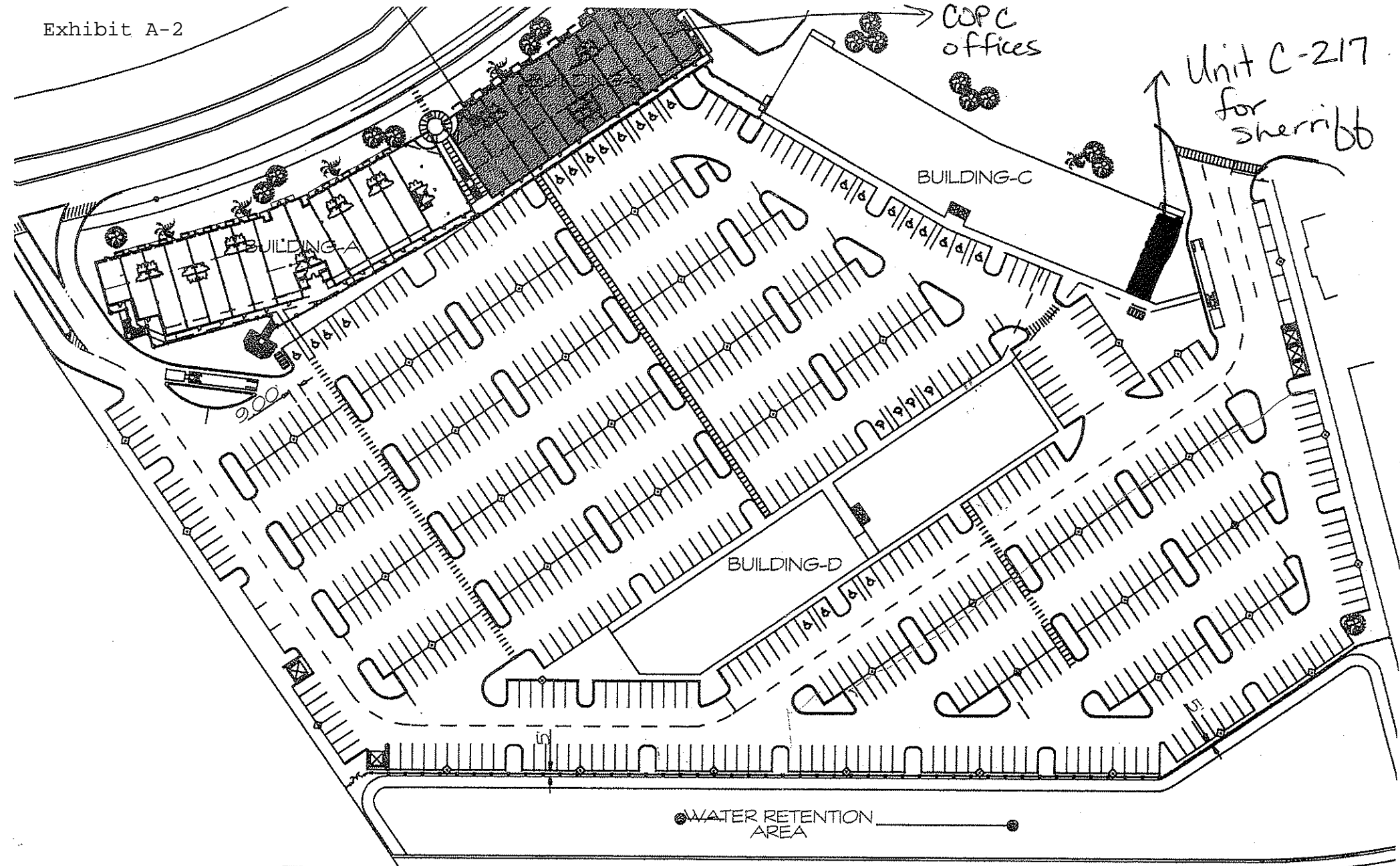
DRAWN BY
DAC

SHEET TITLE

FLOOR PLANS

SHEET

PROPOSED
FOR



PLAN PLAN 1"=100'-0"

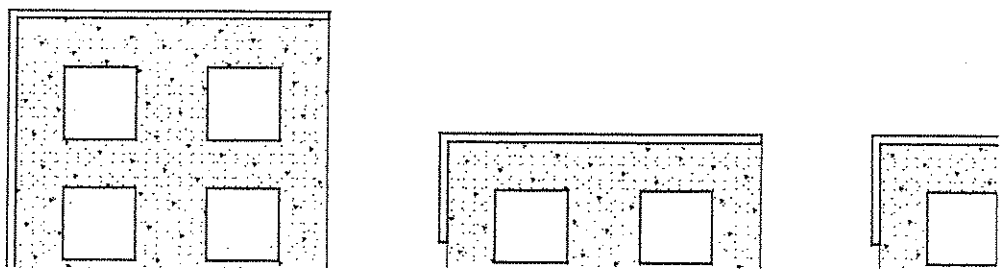
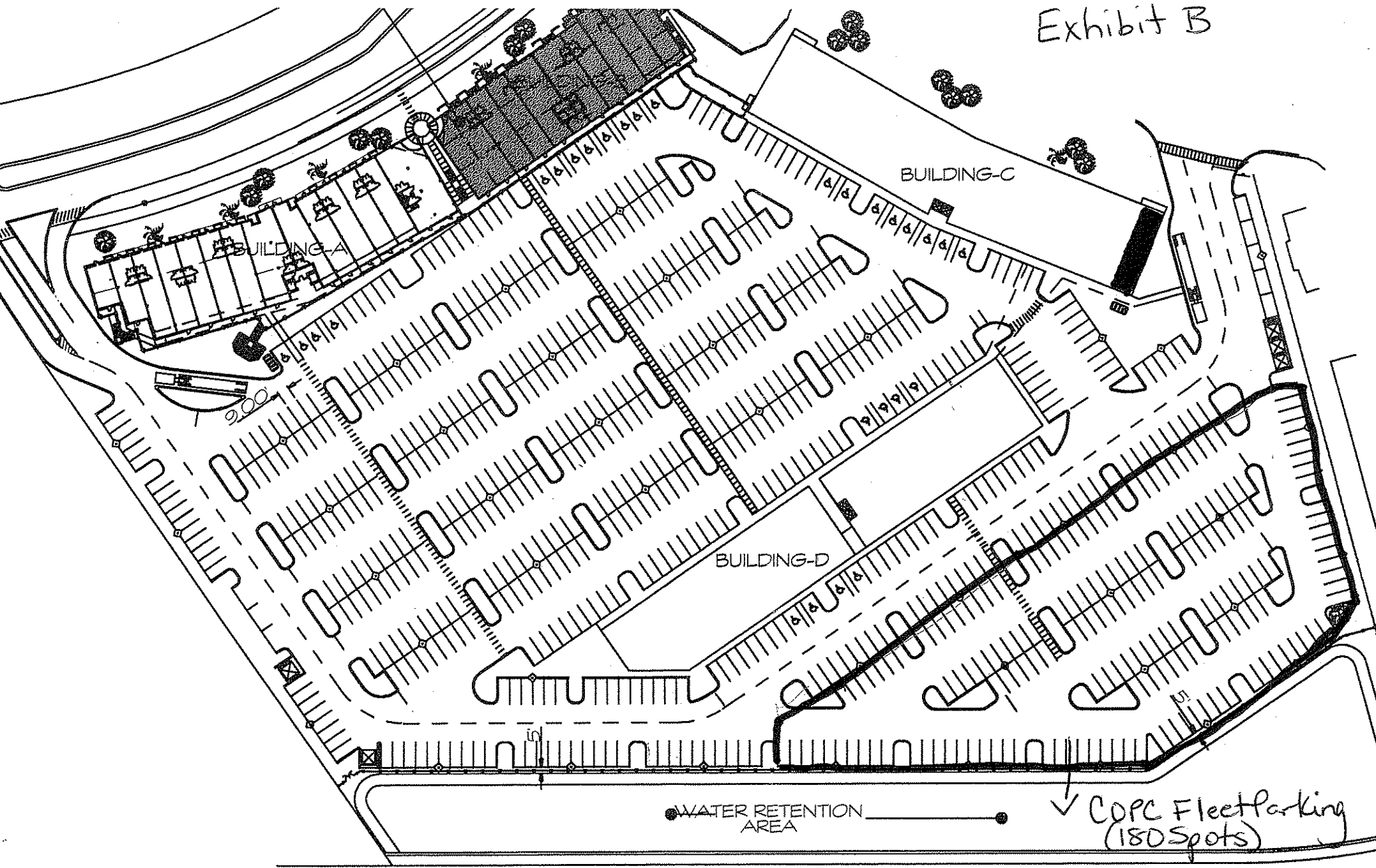


EXHIBIT B
PARKING AREA

Exhibit B



KEY PLAN PLAN 1"=100'-0"

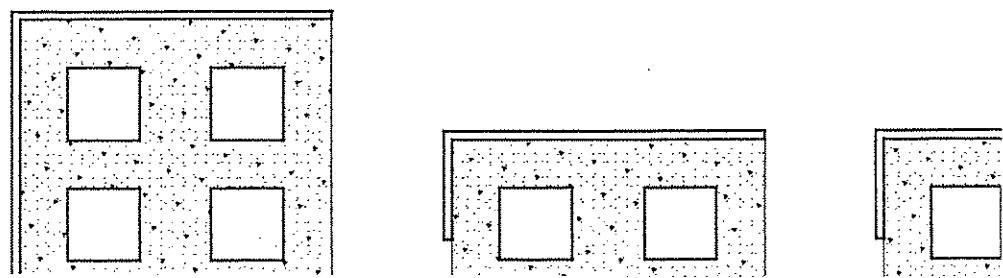


EXHIBIT C

MEMORANDUM OF LEASE

**THIS INSTRUMENT PREPARED BY
AND RETURN TO:**

LIONEL E. RUBIO, ESQUIRE
Winderweedle, Haines, Ward
& Woodman, P.A.
Post Office Box 880
Winter Park, Florida 32790

MEMORANDUM OF LEASE

THIS IS A MEMORANDUM OF LEASE by and between **EAGLE FL III SPE, LLC**, a North Carolina limited liability company, whose address is: c/o _____, 200 West Second Street, 3rd Floor, Winston-Salem, North Carolina 27101 ("Landlord"), and **CITY OF PALM COAST**, a Florida municipal corporation, c/o City Manager, 160 Cypress Point Parkway, Suite B106, Palm Coast, Florida 32137 ("Tenant"), upon the following terms:

Initial Term: The initial term of the Lease is for three (3) years and six (6) months, commencing November 1, 2011 and ending April 30, 2015.

Extension: The Lease may be renewed for additional consecutive one (1) year terms.

Description of Premises: Units B-103, B-104, B-105, B-106, B-107, B-108, B-109, B-110, B-301, B-302, B-303, B-304, B-305 and B-306, according to the Declaration of Condominium Establishing City Walk Commercial Condominium, recorded in Official Records Book 1609, Page 495, Public Records of Flagler County, Florida, as amended from time to time, including without limitation, that certain Third Amendment To Declaration of Condominium Establishing City Walk Commercial Condominium, recorded in Official Records Book 1671, Page 560, and that certain Fourth Amendment To Declaration of Condominium Establishing City Walk Commercial Condominium, recorded in Official Records Book 1692, Page 322, all in the Public Records of Flagler County, Florida.

The Lease contains the following provision regarding Mechanics' Liens:

Mechanics' Liens.

- (a) Tenant will pay or cause to be paid all costs and charges for: (i) work done by Tenant or caused to be done by Tenant, in or to the Premises; and (ii) materials furnished for or in connection with such work. **Tenant will indemnify Landlord against and hold Landlord, the Premises, and the Project free, clear and harmless of and from all**

mechanics' liens and claims of liens, and all other liabilities, liens, claims, and demands on account of such work by or on behalf of Tenant. If any such lien, at any time, is filed against the Premises, or any part of the Project, Tenant will promptly cause such lien to be discharged of record, except that if Tenant desires to contest such lien, it will furnish Landlord, within such 10-day period, a bond or other security reasonably satisfactory to Landlord of at least 150% of the amount of the claim. If a final judgment establishing the validity or existence of a lien for any amount is entered, Tenant will immediately pay and satisfy the same. If Tenant fails to pay any charge for which a mechanic's lien has been filed, and has not given Landlord a bond or other security as described above, Landlord may, at its option, pay such charge and related costs and interest, and the amount so paid, together with attorneys' fees incurred in connection with such lien, will be immediately due from Tenant to Landlord as Additional Rent. If Tenant receives notice that a lien has been or is about to be filed against the Premises or any part of the Project or any action affecting title to the Project has been commenced on account of work done by or for or materials furnished to or for Tenant, it will immediately give Landlord written notice of such notice. At least 15 days prior to the commencement of any work (including, but not limited to, any maintenance, repairs or Alteration) in or to the Premises, by or for Tenant, Tenant will give Landlord written notice of the proposed work and the names and addresses of the persons supplying labor and materials for the proposed work.

- (b) NOTHING IN THIS LEASE SHALL BE DEEMED TO BE, OR CONSTRUED IN ANY WAY AS CONSTITUTING, THE CONSENT OR REQUEST OF LANDLORD, EXPRESSED OR IMPLIED, BY INFERENCE OR OTHERWISE, TO ANY PERSON, FIRM OR CORPORATION FOR THE PERFORMANCE OF ANY LABOR OR THE FURNISHING OF ANY MATERIALS FOR ANY CONSTRUCTION, REBUILDING, ALTERATION OR REPAIR OF OR TO THE PREMISES OR ANY PART THEREOF, NOR AS GIVING TENANT ANY RIGHT, POWER OR AUTHORITY TO CONTRACT FOR OR PERMIT THE RENDERING OF ANY SERVICES OR THE FURNISHING OF ANY MATERIALS WHICH MIGHT IN ANY WAY GIVE RISE TO THE RIGHT TO FILE ANY LIEN AGAINST THE BUILDING, PROJECT, LAND, PREMISES, OR LANDLORD'S INTEREST THEREIN. TENANT SHALL NOTIFY ANY CONTRACTOR PERFORMING ANY CONSTRUCTION WORK IN THE PREMISES ON BEHALF OF TENANT THAT THIS LEASE SPECIFICALLY PROVIDES THAT THE INTERESTS OF LANDLORD IN THE BUILDING, PROJECT, LAND, AND PREMISES SHALL NOT BE SUBJECT TO LIENS FOR IMPROVEMENTS MADE BY TENANT, AND NO MECHANIC'S LIEN OR OTHER LIEN FOR ANY SUCH LABOR, SERVICES, MATERIALS, SUPPLIES, MACHINERY, FIXTURES OR EQUIPMENT SHALL ATTACH TO OR AFFECT THE ESTATE OR INTEREST OF LANDLORD IN AND TO THE BUILDING, PROJECT, LAND, PREMISES, OR ANY PORTION THEREOF. IN ADDITION, LANDLORD SHALL HAVE THE RIGHT TO POST AND KEEP POSTED AT ALL TIMES ON THE PREMISES ANY NOTICES THAT MAY BE REQUIRED OR ADVISABLE FOR THE PROTECTION OF LANDLORD AND THE BUILDING, PROJECT, LAND, OR PREMISES FROM ANY SUCH LIEN. TENANT AGREES TO PROMPTLY EXECUTE SUCH INSTRUMENTS IN RECORDABLE FORM IN

ACCORDANCE WITH THE TERMS AND PROVISIONS OF FLORIDA STATUTES, SECTION 713.10. FURTHER, THE TENANT AGREES TO PROMPTLY NOTIFY ANY CONTRACTOR MAKING ANY IMPROVEMENTS TO THE PREMISES OF THE PROVISIONS OF THIS LEASE CONTAINED IN THIS SECTION.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease as of the date set forth in their respective acknowledgments.

LANDLORD:

EAGLE FL III SPE, LLC, a North Carolina limited liability company

By: _____
Name: _____
Title: _____

Date Executed by Landlord: _____

Witness: _____
Printed Name: _____

Witness: _____
Printed Name: _____

TENANT:

CITY OF PALM COAST, a Florida municipal corporation

By: _____
Name: _____
Title: _____

Date Executed by Tenant: _____

Witness: _____
Printed Name: _____

Witness: _____
Printed Name: _____

**STATE OF FLORIDA
COUNTY OF FLAGLER**

The foregoing instrument was executed and acknowledged before me this _____ day of _____, 2012 by _____, as _____ of **CITY OF PALM COAST, a Florida municipal corporation**, on behalf of said entity, who is personally known to me or who has produced _____ as identification.

Notary Public

STATE OF _____
COUNTY OF _____

The foregoing instrument was executed and acknowledged before me this _____ day of _____, 2012 by _____, as _____ of **EAGLE FL III SPE, LLC, a North Carolina limited liability company**, on behalf of said entity, who is personally known to me or who has produced _____ as identification.

Notary Public