



RETAIL LEASE

CENTER: Callahan Plaza

LANDLORD: Cal Plaza Holdings Association, LTD.

TENANT: Nassau County Board of Commissioners

DBA: Public Library

LEASE AGREEMENT
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LEASE AGREEMENT

THIS LEASE, dated for reference purposes February 12, 1998, is made by and Cal Plaza Holdings Association, LTD., as Landlord, and Nassau County Board of Commissioners, dba Public Library as Tenant.

CERTAIN LEASE PROVISIONS:

The descriptions and amounts set forth below are qualified by their usage elsewhere in this Lease, including those Articles referred to in parenthesis:

- 1.1 Demised Premises (Article 2. 1): Unit# 10 Center Callahan Plaza
Street Address 324 1st Avenue
City Callahan County Nassau State FL Zip 32011
- 1.2 Gross Leasable Area of Demised Premises (Article 2. 1): approximately _____ square feet.
- 1.3 Use Clause (Article 2.3) Public Library
- 1.4 Lease Term (Article 3. 1) 4 Years, 0 Months.
- 1.5 Lease Commencement Date (Article 3. 1) March 1 1998.
- 1.6 Expiration Date (Article 3. 1) February 28 2002.
- 1.7 Security Deposit (Article 4.) \$ 2,000.00.
- 1.8 Tenant's Addresses (Article 5.1, 28.10):
(A) Notice Address 3163 Bailey Road
Fernandina Beach, Florida
(B) Billing Address Same
- 1.9 Landlord's Addresses (Article 5.1, 28. 10): c/o Walter Dickinson, Inc.
(A) Notice Address One Independent Drive, Suite 2401
Jacksonville, Florida 32202
(B) Payment Address Same
- 1.10 Base Rent Commencement Date (Articles 5.1, 5.3) March 1, 1998.
Tenant to receive a Base Rent Abatement for Months 1 and 2 of Lease.
- 1.11 Base Monthly Installments (Articles 5.1, 5.3)
From 03/01/98 - 02/28/99 Annually \$ 23,460 Monthly \$ 1,955
From 03/01/99 - 02/28/2000 Annually \$ 24,633 Monthly \$ 2,053
From 03/01/2000 - 02/28/01 Annually \$ 25,865 Monthly \$ 2,155
From 03/01/01 - 02/28/02 Annually \$ 27,158 Monthly \$ 2,263
From _____ - _____ Annually \$ _____ Monthly \$ _____
- 1.12 Percentage Rent (Articles 5.1, 5.4): _____ % of Gross Sales over \$ _____
- 1.13 Additional Rent (Article 5.1, 5.5):
Estimated Operating Expense Charges \$ 308.20 per Month (Article 5.5)
Estimated Real Estate Tax Charges \$ 239.20 per Month (Article 5.5)
_____ \$ _____ per Month (Article ___)
_____ \$ _____ per Month (Article ___)
- 1.14 Merchants' Association/Marketing Fund (Article 7): Name: N/A
Monthly Dues \$ _____ PSFY \$ _____ Initial Assessment \$ _____
Payment Address _____
- 1.15 Brokers (Article 28.7) Walter Dickinson, Inc.
- 1.16 This Lease consists of 28 Articles on 14 pages, plus Exhibits A, B, C, D, E and One additional pages of Addenda.

2. **PREMISES:**

2.1 **Demised Premises.** Landlord hereby leases to Tenant and Tenant leases from Landlord, for the Term, at the rental and upon all of the conditions set forth herein, that certain real property known by unit number and address specified in Article 1.1 hereof, consisting of the approximate gross leasable area specified in Article 1.2 hereof, and which is referred to herein as the "Demised Premises". The Demised Premises are depicted in Exhibit A attached hereto. The Demised Premises are located in a Shopping Center, which Shopping Center, the real property on which it is situated, walkways, driveways, fences, landscaping, and any parking facilities or structures appurtenant thereto, are hereinafter collectively referred to as the "Shopping Center", and described in Exhibit B attached hereto.

Landlord shall have the right to verify the actual square footage of the Demised Premises from time to time during the term of this Lease. Measurements for determining the gross leasable area of said Demised Premises shall be taken from the outside face of all walls not shared with another tenant, and from the center line of all demising walls which are shared with other tenants. Landlord shall have the right, during the term of this Lease, to adjust the gross leasable area of the Demised Premises to reflect the actual area as determined by such method of measurement; however, the adjustment shall not exceed ten percent (10%) of the approximate square footage of the Demised Premises specified in Article 1.2 hereof.

2.2 **Proportionate Share.** Tenant's share of the total gross leasable area of the Shopping Center shall be the percentage equal to a fraction, the numerator of which shall be the gross leasable area of the Demised Premises and the denominator of which shall be the total gross leasable area of the Shopping Center. Said percentage shall hereinafter be referred to as Tenant's "Proportionate Share". Tenant's Proportionate Share may be adjusted from time to time as the gross leasable area of the Demised Premises or of the Shopping Center changes, for whatever reason.

2.3 **Use Clause.** Tenant is permitted to use the Demised Premises for the purposes specified in Article 1.3 hereof, and for no other purpose whatsoever. Tenant shall obtain, at its own expense, all necessary governmental licenses and permits for such use. Tenant shall not conduct any second hand, auction, distress, fire, bankruptcy or going-out-of-business sales.

2.4 **Common Area.** As long as the Lease remains in effect and Tenant is not in default hereunder, Tenant shall have the non-exclusive right, in common with the Landlord, other tenants, subtenants, employees and invitees, to use the common areas of the Shopping Center, which include, but are not limited to: walkways, patios, landscaped areas and parks, sidewalks, service corridors, recreational facilities, restrooms, stairways, elevators, plazas, malls, thoroughways, parking areas and roadways; provided that Landlord shall have the right at any time to exclude therefrom such areas as Landlord may determine so long as access to the Demised Premises is not unreasonably denied.

3. **LEASE TERM:**

3.1 **Term.** The Term of this Lease shall be as defined in Article 1.4 hereof, commencing on the Lease Commencement Date specified in Article 1.5 hereof, and ending on the Lease Expiration Date specified in Article 1.6 hereof, unless sooner terminated pursuant to any provision of this Lease.

3.2 **Change in Lease Commencement Date.** If for any reason Landlord cannot deliver possession of the Demised Premises to Tenant on said Lease Commencement Date, Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of the Tenant hereunder. However, in such case Tenant shall not be obligated under any provisions of this Lease until possession of the Demised Premises is tendered to Tenant, which date shall be the new Lease Commencement Date, and the Lease Expiration Date shall remain unchanged. In the event that Landlord shall permit Tenant to occupy Demised Premises prior to said Lease Commencement Date, such occupancy shall be subject to all of the provisions of this Lease. Said early possession shall not advance the Lease Expiration Date.

Upon Landlord's request, the parties agree to execute in writing an Addendum to certify commencement date and expiration date hereof, but this Lease shall not be affected in any manner if either party fails or refuses to execute such Addendum.

4. **SECURITY DEPOSIT:**

Tenant shall deposit with Landlord upon execution of this Lease the amount specified in Article 1.7 hereof to be held by Landlord as security for Tenant's faithful performance of Tenant's duties and obligations hereunder. Tenant shall not be entitled to interest on such deposit. If Tenant fails to pay rent or other charges due hereunder, or otherwise defaults with respect to the provisions of this Lease, Landlord may, without notice to Tenant, apply or retain all or any portion of said deposit for the payment of rent or other charges in default or for the payment of any sum to which Landlord may become obligated by reason of Tenant's default or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of said deposit, Tenant shall within five (5) days after written demand therefor deposit cash with Landlord in an amount sufficient to restore said deposit to the full amount heretofore stated. The deposit shall be returned to Tenant within sixty (60) days following the expiration of the Term hereof, provided Tenant has fully performed all of its duties and obligations hereunder. If Tenant shall default under this Lease more than two (2) times in any twelve (12) month period, irrespective of whether or not such default is cured, then the security deposit shall, within ten (10) days after demand by Landlord, be increased by Tenant to an amount equal to the greater of: (i) three (3) times the amount specified in Article 1.7; (ii) three (3) months' fixed rent; or (iii) as may be otherwise required by Landlord.

Tenant's Initials _____
Landlord's Initials _____

5. RENTS:

5.1 **Payment.** All rents shall be payable in advance, without prior demand or any right of offset or deduction, in monthly installments on the first day of each calendar month of the Term hereof. Tenant shall pay all rents to Landlord in lawful money of the United States of America at the address stated in Article 1.9(B) or to such other persons or at such other places as Landlord may designate in writing.

If the Lease Commencement Date occurs on a day other than the first day of a calendar month, then all rents except Base Rent shall be prorated for the balance of that month based upon the actual number of days the Lease is in effect during said calendar month. The term "Lease Year", as hereinafter used, refers to each successive twelve-month period beginning with the Lease Commencement Date, as it may be adjusted pursuant to Article 3.2 hereof. Notwithstanding anything to the contrary contained herein, after Lease expiration Landlord shall have the right to reconcile all rents, billed, paid and/or owed by Tenant during the Term hereof and thereafter submit a final billing to Tenant. Upon receipt thereof, Tenant shall submit payment in full to Landlord within thirty (30) days.

5.2 **Late Fees.** Should Tenant fail to pay when due any installment of rent or any other sum payable to Landlord under the terms of this Lease, Landlord may assess interest at the highest legal rate from and after the date on which any such sum shall be due and payable, and such interest, and/or a Late Fee of \$50.00, which shall be paid by Tenant to Landlord at the time of payment of the delinquent sum; provided, however, nothing charged hereby shall ever exceed the amount that may properly be charged or recovered under the laws of the state in which the Demised Premises are located.

5.3 **Base Rent.** Payment of Base Rent shall begin on the Base Rent Commencement Date specified in Article 1.10. If the Base Rent Commencement Date occurs on a day other than the first day of a calendar month, then Base Rent shall be prorated for the balance of that month based upon the actual number of days from the Base Rent Commencement Date through the last day of said calendar month. The amount of each monthly installment of Base Rent for the Demised Premises for the entire term of this Lease shall be as specified in Article 1.11, subject to adjustment pursuant to the following paragraph.

The Base Rent shall be adjusted each January 1 during the term of this Lease by the greater of six (6%) percent or by the Percentage Increase in the "Consumer Price Index for All Urban Consumers (CPI-U), U. S. City Average-All Items (1982-1984=100)", published by the Bureau of Labor Statistics of the United States Department of Labor. If the Index shall cease to be published, there shall be substituted therefor a price index (or combination of indices, with such adjustments as may be required to afford compatibility), published by the Bureau of Labor Statistics or its successor government agency, which is intended to be representative of substantially similar changes in the cost of living. "Percentage Increase" shall mean the percentage equal to a fraction, the numerator of which shall be the change in the Index from the third month preceding the Lease Commencement date to the third month preceding the current anniversary of the Lease Commencement Date. The fraction's denominator shall be the Index for the third month preceding the Lease Commencement Date.

The Base Rent in Article 1.11 will not be reduced.

Landlord's delay or the failure of Landlord, beyond January of any year, in computing or billing for these adjustments will not impair the continuing obligation of Tenant to pay rent adjustments.

Tenant's obligation to pay Base Rent as adjusted by this Section 5.3 will continue up to the expiration of this Lease and will survive any earlier termination of this Lease.

5.4 **Percentage Rent.** Tenant shall pay Landlord as Percentage Rent the percentage of Gross Sales (as hereinafter defined) stated in Article 1.12. Gross Sales shall be reported by Tenant no later than the tenth (10th) day after the end of each month, and a statement thereof submitted to Landlord showing the Gross Sales for the Demised Premises during the preceding month and for the Lease Year to date. At such time during any Lease Year as Tenant's Gross Sales exceed the amount stated in Article 1.12 hereof, Tenant shall pay Landlord monthly the percent stated in Article 1.12 hereof multiplied by the excess of the year-to-date Gross Sales, less any Percentage Rents paid for the current Lease Year. Percentage Rent payable for any partial Lease Year shall be calculated by pro-rating the breakpoints as necessary to give appropriate weight to sales made in such partial Lease Year.

"Gross Sales", as used in this Lease, shall mean and include (as of the date of the transaction) the sale price of all merchandise sold (including gift and merchandise certificates) and charges for all services and all other receipts from the business performed by Tenant or any other person, firm or corporation selling merchandise or services in, upon or from any part of the Demised Premises, whether for cash or credit, and shall include gross sales from vending machines (except telephone and postage stamp), all orders by means of mail, telephone, electronic, video, computer or other technology-based system, whether existing now or developed in the future, and all other such orders received or filled at the Demised Premises, all deposits not refunded to purchasers and orders taken at the Demised Premises although such orders may be filled elsewhere.

Not included in "Gross Sales" are the following: (a) refunds and trade-in allowances to customers; (b) the amount of all sales, use, excise, retailer's occupation or similar taxes imposed in a specific amount, or percentage of, or determined by, the amount of retail sales made upon the Demised Premises; (c) returns to shippers and manufacturers; (d) the amount of sales not in the ordinary course of Tenant's business of fixtures, machinery or equipment which Tenant has the right to remove from the Demised Premises after use in the conduct of Tenant's business in the Demised Premises; (e) the value of any exchange or transfer of merchandise between stores of Tenant where such exchange or transfer is made solely for the convenient operation of Tenant's business and not for the purpose of consummating a sale made in, at or from the Demised Premises; (f) lottery tickets. No deduction shall be allowed for uncollected or uncollectible credit accounts, or charges for bank or other credit cards.

Tenant's Initials _____
Landlord's Initials _____

Tenant shall keep and maintain in a manner consistent with good accounting practice, accurate and complete records of its Gross Sales for each Lease Year for three (3) years thereafter. Within sixty (60) days of the end of each Lease Year, Tenant shall submit to Landlord a statement of total Gross Sales made during the previous Lease Year, said statement to be certified to be accurate by a Certified Public Accountant, and to be signed by Tenant. Landlord shall have the right as it deems necessary to audit all books and records relating to said statement at any time. If any audit reveals that Gross Sales for any Lease Year have been under-reported by more than two percent (2%), Tenant shall pay any Percentage Rent found to be due, the cost of the audit, and interest on the unpaid Percentage Rent from the date due at the highest rate allowed by law.

5.5 **Additional Rent.** Additional Rent, which is subject to periodic adjustment, shall be payable on and after the Lease Commencement Date in the amounts shown in Article 1.13 hereof. Both Tenant and Landlord expressly understand that all other sums excepting Base Rent which may become due from time to time under this Lease shall be deemed Additional Rent. Additional Rent shall include, but not be limited to: late charges, interest, operating expenses, real estate taxes, attorneys' fees, security deposits and any cash bond which may be required to be posted hereunder.

"Operating Expense Charge", as used herein, shall mean Tenant's Proportionate Share of the Shopping Center's operating expenses. Operating expenses are defined as the amounts paid or payable in connection with the management, maintenance, repair and operation of the Shopping Center. Operating expenses shall include but not be limited to: landscaping; sprinklers; security; repaving and re-striping parking lots; cost of public utilities; liability and property damage insurance; roof and other repairs; lighting; maintenance; removal of snow, trash, rubbish, garbage and other refuse; machinery and equipment used in maintenance; costs of personnel to implement services, direct parking, and police Shopping Center; and fifteen percent (15%) of all the foregoing costs for Landlord's administrative and overhead costs. On an annual or other basis, Landlord shall mail to Tenant a statement of operating expenses and a calculation of Tenant's Proportionate Share thereof. Tenant shall pay Landlord for Tenant's Proportionate Share, less any payment of Estimated Operating Expense Charges for the fiscal period to which such expenses apply, within ten (10) days after receipt thereof. Tenant's obligations shall be prorated to account for any fractional portion of a fiscal period included in the term of its Lease. Tenant shall also pay to Landlord, on the first day of each calendar month, commencing on the Lease Commencement Date and continuing throughout the term of the Lease, the Estimated Operating Expense Charges stated in Article 1.13, as they may be adjusted from time to time.

"Real Estate Tax Charge", as used herein shall mean Tenant's Proportionate Share of general and special taxes, assessments, duties and levies charged and levied upon or assessed against the Shopping Center and/or any improvement situated on the real property on which the Shopping Center stands, any leasehold improvement, and all costs and fees incurred by Landlord in contesting or negotiating with the public authorities as to same. Upon receipt of the tax bill(s), Landlord shall mail to Tenant a statement of taxes and Landlord's calculation of Tenant's Proportionate Share thereof. Tenant shall pay Landlord for Tenant's Proportionate Share, less any payments of Estimated Real Estate Tax Charges for the fiscal year to which such taxes apply, within ten (10) days after receipt thereof. Tenant's obligations shall be prorated to account for any fractional portion of a tax fiscal year included in the term of its Lease. Tenant shall also pay to Landlord, on the first day of each calendar month, commencing on the Lease Commencement Date and continuing throughout the term of the Lease, the Estimated Real Estate Tax Charges stated in Article 1.13, as they may be adjusted from time to time.

In the event of the enactment, adoption or enforcement by any governmental authority of any assessment, levy or tax, whether sales, use or otherwise, on or in respect of the rentals and charges set forth herein, or on or in respect of the right to lease or occupy the Shopping Center, the Demised Premises or both, Tenant shall pay such assessment, levy or tax to Landlord, or at Landlord's option, Tenant shall pay such assessment, levy or tax directly to the governmental authority. If such assessment, levy or tax is imposed on or in respect of all of the rentals derived from the Shopping Center, or is imposed on or in respect of the Shopping Center as a whole, Tenant shall pay to Landlord its Proportionate Share of such assessment, levy or tax. Notwithstanding the foregoing, this shall not impose upon Tenant the obligation to reimburse Landlord for any income, gift, inheritance or estate tax as such taxes are now structured.

5.6 **Additional Taxes.** If Landlord is assessed additional taxes or if its present taxes are increased as a result of any value placed on Tenant's leasehold, fixtures or furnishings, or goods and services, then immediately upon demand Tenant shall pay to Landlord the amount of said additional tax, or the amount of the increase. If it is not lawful for Tenant to reimburse Landlord, the rent payable to Landlord under this Lease will be revised to yield to Landlord the same net rental after the imposition of any such tax upon Landlord as would have been payable to Landlord prior to the imposition of any such tax. Tenant will pay promptly when due all sales, merchandise or personal property taxes on Tenant's personal property in the Demised Premises and any other taxes payable by Tenant, the non-payment of which might give rise to a lien on the Premises or the Tenant's interest in the Premises.

6. UTILITIES:

Tenant shall make application for, obtain, pay for and be solely responsible for all utilities required, used or consumed in the Demised Premises, including, but not limited to, gas, water, (including water for domestic uses and for fire protection), telephone, electricity, sewer service, garbage collection services, HVAC maintenance services, or any similar service. In the event that any charge for any utility supplied to the Demised Premises is not paid by Tenant to supplier when due, then Landlord may, but shall not be required to, pay such charge for and on behalf of Tenant, with any such amount paid by Landlord being repaid by Tenant to Landlord as Additional Rent promptly upon demand. Additionally, if Landlord shall elect to supply any utilities to the Demised Premises, then Tenant shall pay to Landlord the cost of its utility consumption and the cost of supplying separate metering devices if necessary. Landlord agrees that the cost to Tenant of any utilities supplied by Landlord shall not exceed the amount Tenant would have paid if it independently obtained such service from the local utility supplier. Landlord and Tenant hereby agree that Landlord shall not be liable for any interruptions or curtailment in utility services due to causes beyond its control or due to Landlord's alteration, repair or improvement of the Demised Premises or the Shopping Center.

Tenant's Initials _____
Landlord's Initials _____

Notwithstanding the foregoing, Landlord shall have the right at any time and from time to time to either contract for service from an alternate utility provider, if permitted by law, or continue to contract for service from the utilities company providing such services as of the date of this lease. Tenant shall cooperate with Landlord and the utility company of Landlord's choice as reasonably necessary and provide access to electric lines, feeders, risers, wiring, and any other machinery within the Premises. Landlord shall in no way be liable or responsible for any loss, damage or expenses that Tenant may sustain or incur by reason of any change, failure, interference, disruption or defect in the supply or character of the electric energy furnished to the Premises.

7. MERCHANTS' ASSOCIATION/MARKETING FUND:

7.1 Membership. Tenant will become a member of, participate fully in, and remain in good standing in the existing Merchants' Association or Marketing Fund (hereinafter known as "Association/Fund").

7.2 Formation. If an Association/Fund does not already exist at the Shopping Center, a Marketing Fund (hereinafter known as "Fund") may be formed by Landlord, at its sole discretion. At such time, Tenant will become a member of, participate fully in, and remain in good standing in the Fund.

7.3 Objectives. The objectives of such Association/Fund shall be to encourage its members to deal fairly and courteously with their customers, to sell their merchandise and/or services at fair prices, to follow ethical business practices, to assist the business of all tenants by sales promotions and center-wide advertising and, in particular, to promote and enhance the interests of members of said Association/Fund.

7.4 Dues/Assessments.

(A) Tenant agrees to pay dues to the Association/Fund as specified in Article 1.14 hereof, which shall be payable in advance on the first day of each month during the term of this Lease directly to the Association/Fund at the address specified in Article 1.14, or to such other persons or at such other places as the Association/Fund may designate.

(B) Tenant's annual assessment for any Association/Fund Year (i.e., each successive period of twelve calendar months) shall be pro-rated if the Tenant opens its store for business after the commencement of such Association/Fund Year. From time to time, Tenant's annual assessment is subject to adjustments approved by the majority of the Association/Fund members, thereby increasing said annual assessment to the extent required by the increase in the cost of promotional, public relations and advertising services.

(C) Tenant's monthly contributions to the Association/Fund shall be adjusted annually each January 1st by a percentage equal to the percentage increase in the "Consumer Price Index for All Urban Consumers (CPI-U), U. S. City Average-All Items (1982-1984=100)", published by the Bureau of Labor Statistics of the United States Department of Labor, from the month of December in the second preceding year to the month of December in the immediately preceding year.

(D) Upon the formation and incorporation of the Fund (see Article 7.2 hereof), Tenant agrees to pay an initial assessment, in addition to the aforementioned annual assessment, in the amount of fifty percent (50%) of the first year's assessment in order to defray start-up promotional and advertising expenses to be incurred by the Fund. The entire initial assessment is due upon demand by the Fund.

7.5 Administration. Notwithstanding anything to the contrary contained herein, or in any Articles of Incorporation, Corporate Charter or By-Laws of an existing Merchants' Association, Tenant agrees that Landlord may, at its sole discretion, elect to provide the Association/Fund with any or all of the following:

(A) The services of a marketing manager and all staff deemed necessary by Landlord to effectively carry out the promotional and public relations objectives of the Association/Fund;

(B) Such reasonable space within the Shopping Center as may be necessary to carry out the functions of the marketing manager and said staff; and,

(C) Such office equipment as may be deemed necessary by Landlord to fully service the function of the marketing manager and staff.

7.6 Expansion Assessment. Should Landlord, in its sole discretion, conduct an expansion of the Shopping Center which results in an addition of twenty percent (20%) or more of the gross leasable area of the Shopping Center, Tenant agrees to contribute to the promotional campaign for said expansion an amount equivalent to fifty percent (50%) of its current annual assessment.

7.7 Advertising. Tenant will, at its own expense, incur advertising costs as follows:

(A) Tenant shall advertise a minimum of four (4) times during each Lease Year in special newspaper sections, tabloids or other cooperative efforts pertaining to events sponsored by the Association/Fund. For each time Tenant fails to advertise, Tenant shall pay to Association/Fund an amount equal to the minimum cost offered or assessed for such co-op advertising effort.

(B) Should Landlord elect to provide an advertising vehicle on-site (e.g., electric pylon signs), Tenant shall utilize said advertising vehicle a minimum of one time per month during each Lease Year.

Tenant's Initials _____
Landlord's Initials _____

(C) Additionally, during each Lease Year Tenant shall spend on advertising its business and merchandise in the Demised Premises a sum equal to at least two percent (2%) of Tenant's Gross Sales during that Lease Year (hereinafter known as "Minimum Advertising Budget"). At the time Tenant submits to Landlord its year-end Gross Sales statement in compliance with Article 5.4 hereof, Tenant shall submit to Landlord a statement, certified as to accuracy by a Certified Public Accountant and signed by Tenant, setting forth the amount spent by Tenant for such advertising during the preceding Lease Year. If such statement shall not be furnished to Landlord at the time required, such failure shall be conclusive that: (1) a default has occurred, as this obligation is being accepted within the terms of this Lease, and (2) no part of the Minimum Advertising Budget has been spent by Tenant for the applicable Lease Year. Tenant shall pay to the Association/Fund or to the Landlord within ten (10) days of billing as Additional Rent an amount equal to the Minimum Advertising Budget for that Lease Year. If a statement supplied to Landlord (or audit conducted by Landlord) shows that Tenant spent less than the Minimum Advertising Budget for the applicable Lease Year, Tenant shall pay to the Association/Fund or the Landlord within ten (10) days of billing as Additional Rent an amount equal to that portion of such Minimum Advertising Budget not spent by Tenant.

(D) Tenant further covenants and agrees that at all times during the Lease Term and such other time as Tenant occupies the Demised Premises or any part thereof, it will refer to the Shopping Center by name as set forth in Article 1.1, or as Landlord may from time to time designate, and will use identifying logos of the Shopping Center in designating the location of the Demised Premises in all advertising, stationery or other printed material, and in all other references to location; Tenant also covenants and agrees to include the address and identity of its business activity at the Demised Premises in all advertisements produced by Tenant in which the address and identity or any other business activity of like character conducted by Tenant within the trade area shall be mentioned.

8. ACCEPTANCE:

Tenant acknowledges that it has fully inspected the Demised Premises, including but not limited to any and all mechanical equipment, and hereby accepts such "As Is". Tenant also acknowledges that the Demised Premises are suitable for the purposes for which the same are leased, in their present condition. Tenant further acknowledges that Landlord has made no warranties or representations as to either the condition or the suitability of the Demised Premises in terms of the Use as specified in Article 1.3. This Lease is, and shall be considered to be, the only agreement between the parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this document.

9. ASSIGNMENT OR SUBLETTING:

Tenant shall not voluntarily or by action of law transfer, assign, sublet, mortgage or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Demised Premises without Landlord's prior written consent (which consent shall not be unreasonably withheld), nor shall Tenant suffer or permit the Premises or any part thereof to be used or occupied by others without Landlord's prior written consent. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void and shall constitute a breach of the Lease. Regardless of Landlord's consent, no subletting or assignment or other transfer shall release Tenant of Tenant's obligation or alter the primary liability of Tenant to pay the rent and to perform all other obligations to be performed by Tenant hereunder.

As a condition of obtaining Landlord's consent, Tenant shall submit to Landlord with its request the effective date of the transfer (it must be at least sixty days after submission date), the name of the proposed assignee or subtenant, the terms and provisions of the proposed transaction, the proposed use, which must be consistent with the provisions of Article 1.3 hereof, a financial statement, a business history and such other information as is necessary to demonstrate to Landlord that the proposed assignee or subtenant has business experience and financial strength and stability equal to or greater than that of Tenant.

In addition, Tenant shall execute an agreement with Landlord agreeing to pay to Landlord, as Additional Rent, one hundred percent (100%) of all moneys or other consideration received by Tenant from its transferee in excess of the amounts owed by Tenant to Landlord under this Lease, which Additional Rent shall be paid to Landlord as and when received by Tenant. In the event Landlord shall consent to a sublease, assignment or transfer, Tenant shall pay Landlord \$200.00 for administrative fees incurred in connection with such consent.

10. CONDUCT OF BUSINESS:

10.1 **Operation.** Tenant covenants and agrees that, continuously and uninterruptedly from and after its initial opening for business, it will operate and conduct within the Demised Premises the business it is permitted to operate and conduct under the provisions of this Lease, except while the Demised Premises are untenable by reason of fire or other casualty. Tenant agrees to conduct its business at all times in a first class manner consistent with reputable business standards and practices, and that it will at all times keep and maintain within and upon the Demised Premises an adequate stock of merchandise and trade fixtures to service and supply the usual and ordinary demands and requirements of its customers and that it will keep the Demised Premises in a neat, clean and orderly condition. Tenant also agrees to conduct Tenant's business under a trade name satisfactory to and approved by Landlord.

10.2 **Business Hours.** Tenant agrees to keep open the Demised Premises and to operate the business conducted therein at least six days per week, Monday through Saturday, from 10:00 a.m. to 9:00 p.m., and at such additional hours and on such days and evenings (including Sundays) as may be determined from time to time by

Tenant's Initials _____
Landlord's Initials _____



Landlord. A vacation or abandonment of their premises by any other tenant in the Shopping Center shall not in any way release Tenant from its obligations under this Lease.

11. RULES & REGULATIONS:

Tenant agrees to comply with and observe the following rules and regulations, and Tenant's failure to keep and observe them shall constitute a default of this Lease. Landlord reserves the right from time to time to amend or supplement said rules and regulations, and to adopt and promulgate additional rules and regulations applicable to the Demised Premises and the Shopping Center. Notice of such amended or additional rules and regulations shall be given to Tenant, and Tenant agrees thereupon to comply with and observe all rules and regulations and amendments and additions thereto.

11.1 All loading and unloading of goods shall be done only at such times, in the areas and through the entrances designated for such purposes by Landlord.

11.2 The delivery or shipping of merchandise, supplies and fixtures to and from the Demised Premises shall be subject to such rules and regulations as in the judgment of Landlord are necessary for the proper operation of the Demised Premises or Shopping Center.

11.3 All garbage and refuse shall be kept in the kind of container specified by Landlord, and shall be placed outside the Demised Premises prepared for collection in the manner and at the times and places specified by Landlord. Tenant shall pay the cost of removal of any Tenant's refuse or rubbish.

11.4 No radio or television or similar device shall be installed without first obtaining in each instance Landlord's prior written consent. No aerial, antenna, satellite dish or similar device shall be erected on the roof or exterior walls of the Shopping Center or on the grounds, without the prior written consent of Landlord. Any such device so installed without such consent shall be subject to removal without notice at any time, without liability to the Landlord therefor; costs incurred by Landlord for such removal shall be paid by Tenant.

11.5 No loudspeakers, televisions, phonographs, radios or other devices shall be used in a manner so as to be heard or seen outside of the Demised Premises without the prior written consent of Landlord.

11.6 If the Demised Premises are equipped with heating facilities separate from those in the remainder of the Shopping Center, Tenant shall keep the Demised Premises at a temperature sufficient to prevent freezing of water pipes and fixtures.

11.7 Tenant shall keep exterior areas immediately adjoining the Demised Premises clean and free from snow, ice, dirt and rubbish to the satisfaction of Landlord, and Tenant shall not place or permit any obstruction or merchandise outside Tenant's Demised Premises.

11.8 The plumbing facilities shall not be used for any purpose other than that for which they are constructed, and no foreign substance of any kind shall be deposited therein. The expense of any breakage, stoppage, or damage resulting from a violation of this provision shall be borne by the Tenant whose employees, agents or invitees shall have caused same. Tenant shall be responsible for all sanitary sewer lines up to the limit of Tenant's private sewer line, whether or not such lines are located within the Demised Premises.

11.9 Tenant shall, at Tenant's cost, employ a qualified pest extermination contractor, whose services shall be scheduled not less than monthly and so as not to unreasonably interfere with the operation of the Shopping Center.

11.10 Tenant shall not burn any trash or garbage of any kind in or about the Shopping Center.

11.11 Tenant and its employees shall park their motor vehicles only in those parking areas designated for that purpose by Landlord, and Tenant shall provide Landlord with a list of its employees' motor vehicle license tag numbers. If Tenant and/or its employees are in violation of this rule, Landlord shall have the right to tow said vehicle at Tenant's expense.

11.12 Tenant shall not make noises, cause disturbances, or create odors which may be offensive to other tenants of the Shopping Center or their employees, agents, customers or invitees.

11.13 Tenant's access to the roof is limited to maintenance of equipment installed with Landlord's approval, and inspections for damage to that equipment. Neither Tenant nor its agents or employees shall enter upon the roof at any time without the express prior approval of Landlord.

11.14 Neither Tenant, its agents nor its employees shall solicit business in the parking area or other common areas, nor shall Tenant, its agents or its employees, distribute or display any handbills or other advertising matter in or on automobiles or other vehicles parked in the parking area, or in other common areas. If any such materials are distributed, Tenant shall pay Landlord for the cost of cleanup.

11.15 There shall be no commercial use of any of the common area.

Tenant's Initials _____
Landlord's Initials _____

12. DEFAULTS AND REMEDIES:

12.1 Defaults. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

(A) The failure by Tenant to make any payment of Base Rent, Additional Rent or any other payment required to be made by Tenant hereunder, as and when due; or

(B) More than two defaults by Tenant within any one Lease Year for the nonpayment of rent hereunder, necessitating that Landlord, because of such defaults, shall have served upon Tenant within said Lease Year more than two written notices. This default shall be deemed a non-curable default; or

(C) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than Paragraph (A) above, where such failure shall continue for a period of twenty (20) business days after written notice thereof from Landlord to Tenant; or

(D) The insolvency of the Tenant or the execution by Tenant of an assignment for the benefit of creditors; or

(E) The filing by Tenant for reorganization or arrangement under any law relating to bankruptcy or insolvency; or

(F) The appointment of a receiver or trustee to take possession of substantially all of Tenant's assets located at the Demised Premises or of Tenant's interest in this Lease; or

(G) The vacating or abandonment of the Demised Premises for a period of three (3) days or more.

12.2 Remedies. Upon the occurrence of any event of default, Landlord shall have the right at any time thereafter to pursue any one or more of the following remedies with or without notice or demand. Pursuit of any of the following remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rents due to Landlord hereunder or of any damages accruing to Landlord by reason of the Tenant's violation of any of the terms, conditions or covenants herein contained.

(A) Terminate this Lease, in which event Tenant shall immediately surrender the Demised Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearage in rents, enter upon and take possession of the Demised Premises and expel or remove Tenant and any other person who may be occupying the Demised Premises or any part thereof, by force if necessary, without being liable for prosecution or any claim or damages therefor. Tenant agrees to pay to Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination, whether through inability to relet the Demised Premises on satisfactory terms or otherwise.

(B) Enter upon and take possession of the Demised Premises and expel or remove Tenant and any other person who may be occupying the Demised Premises, by force if necessary, without being liable for prosecution or any claim for damages therefor, and relet the Demised Premises and receive rents therefrom. Tenant agrees to pay Landlord on demand any deficiency that may arise by reason of such reletting.

(C) Enter upon the Demised Premises, by force if necessary, without being liable for prosecution or any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to reimburse Landlord on demand for expenses which Landlord may incur in effecting compliance with Tenant's obligations under this Lease, and Tenant further agrees that Landlord shall not be liable for any damages resulting to the Tenant from such action.

(D) At its option, declare the rents for the entire remaining Term, and other indebtedness if any, immediately due and payable without regard to whether or not possession shall have been surrendered to or taken by Landlord, and may commence action immediately thereupon and recover judgment therefor.

Any rents which may be due Landlord, whether by acceleration or otherwise, as provided herein, shall include Base Rent, Percentage Rent and any Additional Rent provided for herein. It shall be deemed that Percentage Rent for any period after such default would have been at a monthly rate thereafter equal to the average monthly Percentage Rent which Tenant was obligated to pay Landlord under Article 5.4 during the preceding year.

(E) Demand payment for any rents be made by certified check, cashier's check or money order.

13. INSURANCE:

13.1 Tenant's Insurance. Tenant, at its sole expense, shall obtain and keep in force during the Term of this Lease the following policies of insurance, naming Landlord as a co-insured:

(A) Comprehensive general liability insurance and personal injury liability insurance, insuring Tenant against liability for injury to persons or damage to property occurring in or about the Demised Premises or arising out of the ownership, maintenance, use or occupancy thereof. Said insurance shall specify a single occurrence policy limit of at least \$1,000,000;

Tenant's Initials _____
Landlord's Initials _____

(B) All Risk property insurance, including coverage against damage caused by fire, windstorm, explosion, aircraft, vehicles, smoke, riot or vandalism on all of Tenant's personal property, trade fixtures, leasehold improvements and furnishings in the minimum amount of 80% of their replacement cost;

(C) Glass Insurance covering 100% of the replacement cost of all storefront glass at the Demised Premises; and

(D) Worker's Compensation insurance insuring Tenant from all claims for personal injury, disease and/or death under the worker's compensation law of the state where the Shopping Center is located, in the amounts required by law.

13.2 **Landlord's Insurance.** Landlord shall obtain and keep in force during the Term of this Lease fire and extended coverage on the Shopping Center. Tenant agrees that it will not store, keep, use, sell or offer for sale in or upon the Demised Premises, gasoline and related products, firearms, explosives or any other article which may be prohibited by the standard form of fire insurance policy, or which will increase Landlord's insurance cost.

13.3 **Insurance Policies.** Insurance required to be obtained by Tenant hereunder shall be in companies rated A+, AAA or better in "Best's Insurance Guide", and licensed to do business in the state where the policy is written. Tenant shall furnish Landlord proof of insurance policies within ten (10) days after the execution of this Lease but not later than ten (10) days prior to possession of Demised Premises. Such policies shall provide that coverage may not be canceled or reduced without at least ten (10) days written notice first being given to Landlord. If Tenant shall fail to procure and maintain the insurance required hereunder, Landlord may but shall not be required to procure and maintain the same, and any amounts paid by Landlord for such insurance shall be Additional Rent, which shall be due and payable by Tenant on the next succeeding date on which a Base Rent installment is due.

13.4 **Waiver of Subrogation.** As long as their respective insurers so permit without additional premium, Tenant and Landlord each waives any and all rights of recovery against the other, or against the officers, employees, agents and representatives of the other for loss or damage to such waiving party or its property or the property of other under its control, where such loss or damage is insured under any insurance policy in force at the time of such loss or damage.

14. NO PERSONAL LIABILITY OF Landlord:

"Landlord", as used in this Lease insofar as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners at the time in question of the Demised Premises. In the event of any transfer of title, the Landlord named herein shall automatically be freed and relieved from and after the date of such transfer or conveyance of all personal liability as respects the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed, provided that any funds in the hands of such Landlord at the time of such transfer shall be turned over to the grantee. Tenant shall look solely to the estate and property of Landlord in the Shopping Center of which the Demised Premises are a part for the satisfaction of Tenant's remedies for collection of a judgment or other judicial process requiring the payment of money by Landlord in the event of any default or breach by Landlord of any of the terms, covenants and conditions of Lease to be observed and/or performed by Landlord, and no other property or assets of Landlord, its partners or agents shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies.

15. HOLD HARMLESS:

Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, liabilities, damages and costs, including attorneys fees, incurred by Landlord which may arise from Tenant's use of the Demised Premises or from the conduct of its business or from any activity, work or things which may be permitted or suffered by Tenant in, on or about the Demised Premises, and shall further indemnify, defend and hold Landlord harmless from and against any and all claims, liabilities, damages and costs, including attorneys fees, incurred by Landlord which may arise from any breach or default in the performance of any obligation on Tenant's part under this Lease or which may arise from any negligence of Tenant or any of its agents, representatives, customers, employees or invitees. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all liabilities, damages and costs, including attorneys fees, which may arise from any injury or loss incurred as a result of Landlord, its agents, representatives or designees entering the Demised Premises under an emergency circumstance, such as fire or similar event.

16. ACCESS TO Demised Premises:

Landlord, its agents, representatives and designees shall have the right to enter the Demised Premises at any time to examine and inspect the same, or to make such repairs, additions or alterations as Landlord may deem necessary or proper for the safety, improvement or preservation thereof. Landlord shall also have the right to enter the Demised Premises during Tenant's regular business hours, to exhibit same to prospective purchasers, mortgagees, lessees and tenants. During the ninety (90) days prior to the Lease Expiration Date, Landlord may place upon the Demised Premises "For Lease" or other similar signs which Tenant shall permit to remain thereon displayed.

Tenant's Initials _____
Landlord's Initials _____

17. ALTERATIONS:

17.1 **Alterations by Landlord:** The Shopping Center and common areas are at all times subject to the exclusive control and management of Landlord. Without limiting the generality of the foregoing, Landlord has the right in its management and operation of the Shopping Center to do and perform such acts in and to the Shopping Center as in the use of good business judgment the Landlord determines to be advisable for the more efficient and proper operation of the Shopping Center, including:

(A) Obstruct or close off all or any part of the Shopping Center for the purpose of maintenance, repair or construction;

(B) Use any part of the Common Area for merchandising, display, decorations, entertainment, and structures designed for retail selling or special features or promotional activities;

(C) Change area, level, location, arrangement or use of Shopping Center or any part thereof;

(D) Construct other buildings, structures or improvements in the Shopping Center and make alterations thereof, additions thereto, subtraction therefrom, or rearrangements thereof, build additional stories on any building, and construct additional buildings or facilities adjoining or proximate to the Shopping Center;

(E) Construct multiple deck, elevated or underground parking facilities, and expand, reduce or alter same in any manner whatsoever.

17.2 **Alterations by Tenant.** Tenant shall not make any structural or mechanical alterations in any portion of the Demised Premises, nor make any alterations in the storefront or the exterior of the Demised Premises. Tenant shall not make any interior alterations at a cost in excess of \$2,500 without first obtaining written consent of Landlord. All alterations, additions and improvements provided for herein shall become, upon completion, the property of Landlord subject to the terms of this Lease; however, if Landlord at its sole option so elects, Tenant shall promptly remove all alterations, additions and improvements and any other property placed in the Demised Premises by Tenant and Tenant shall be responsible for any damage caused by such removal.

18. REPAIRS AND MAINTENANCE:

18.1 **Landlord's Obligations.** Landlord shall keep in good order, condition and repair the structural portions of the Shopping Center and those portions of the Shopping Center not occupied or leased by any tenant, and all costs incurred by Landlord in making such repairs or performing such maintenance shall be Operating Expenses as defined in Article 5.5, provided that Landlord shall have no obligation to perform any act which is the obligation of Tenant or any other tenant in the Shopping Center. Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Demised Premises in good order, condition or repair.

18.2 **Tenant's Obligations.** Tenant, at Tenant's expense, shall keep in good order, condition and repair the Demised Premises and every part thereof including, without limiting the generality of the foregoing, all plumbing and sewer lines to the point where they intersect with common lines, heating, air conditioning, ventilating, electrical and lighting facilities and equipment within the Premises up to and including Tenant's meter and electrical breakers, fixtures, interior walls and interior surfaces of exterior walls, ceilings, windows, doors and plate glass located within or upon the Demised Premises. All repairs made by Tenant shall be at least of the same quality, design and class as that of the original work.

If Tenant refuses or neglects to make repairs and/or to maintain the Demised Premises or any part thereof in a manner reasonably satisfactory to Landlord, Landlord shall have the right, but not the obligation, upon giving Tenant reasonable written notice of its election to do so, to make such repairs or perform such maintenance on behalf of and for the account of Tenant. Such work shall be paid for by Tenant, as Additional Rent, promptly upon receipt of a bill therefor. Tenant shall, during the Term of this Lease, provide scheduled monthly heating and air conditioning service and inspections in the form of a preventive maintenance contract with a reputable commercial service contractor.

18.3 **Surrender.** On the last day of the Term hereof, or on any sooner termination or date on which Tenant ceases to possess the Demised Premise, Tenant shall surrender the Demised Premises and the keys thereto to Landlord in good and clean condition, ordinary wear and tear excepted. Prior to such surrender, Tenant shall repair any damage to the Demised Premises occasioned by its removal of trade fixtures, furnishings and equipment, which repair shall include the patching and filling of holes and repair of structural damage.

19. LIENS:

Tenant shall suffer no liens of any kind to be placed upon the Demised Premises or the Shopping Center. If any lien is placed upon the Demised Premises or the Shopping Center as a result of any work done on behalf of Tenant, or as a result of any goods or services sold or rendered to Tenant, then Tenant shall, within ten (10) days of the imposition of the lien, cause said lien to be removed, at Tenant's sole expense. At any time Tenant either desires to or is required to make repairs or alterations in accordance with this Lease, Landlord may require Tenant, at Tenant's sole cost and expense, to obtain and provide to Landlord a lien and completion bond (or such other applicable bond as determined by Landlord) in an amount equal to one and one-half times the estimated cost of such improvements to insure Landlord

Tenant's Initials _____
Landlord's Initials _____

against liability including but not limited to liability for mechanics' and materialmen's liens and to insure completion of the work.

20. DAMAGE OR DESTRUCTION:

If the Demised Premises or the Shopping Center shall be damaged or destroyed by fire or other casualty, Landlord shall have the following options:

20.1 Lease Termination.

(A) If the Shopping Center or the Demised Premises is damaged or destroyed to the extent of fifty percent (50%) or more of its reasonable market value prior to the time of said damage or destruction, Landlord may terminate this Lease as of the date of the occurrence.

(B) If the Shopping Center or the Demised Premises is damaged or destroyed to the extent of less than fifty percent (50%) of its reasonable market value prior to the time of said damage or destruction but the Shopping Center cannot, in the sole judgment of Landlord, be operated economically as an integral unit then Landlord may terminate this Lease as of the date of the occurrence.

(C) If the Demised Premises are damaged or destroyed within the last thirty-six (36) months of the Term of this Lease or any extension thereof, to the extent that Tenant cannot carry on Tenant's business, then Landlord, at its sole discretion, may terminate this Lease as of the date of the occurrence.

20.2 Repair or Restoration. If Landlord elects to repair or restore the Demised Premises to the same condition as existed before such damage or destruction, it shall proceed with reasonable dispatch to perform the necessary work. However, notwithstanding anything in this Lease to the contrary, if the cost of repair or restoration exceeds any insurance proceeds available for such work, Landlord may terminate this Lease unless Tenant shall, after notice of the amount of deficiency, pay to Landlord that deficiency. Upon Landlord's election to repair or restore the Demised Premises, the Base Rent shall be abated until such work is completed but Landlord shall not be liable to Tenant for any delay which arises by reason of labor strikes, adjustments of insurance or any other cause beyond Landlord's control, and in no event shall Landlord be liable for any loss of profits or income. If fire or other casualty causing damage to the Demised Premises or other parts of the Shopping Center shall have been caused by the negligence or misconduct of the Tenant, its agents, representatives, employees, or of any other person entering the premises under express or implied invitation of Tenant, such damage shall be repaired by Landlord at the expense of Tenant despite contrary provisions appearing in this Lease and in such event there shall be no abatement of rent.

21. CONDEMNATION:

If the Demised Premises shall be taken by right of eminent domain, in whole or in part, for public purposes or should be sold by Landlord under the threat of the exercise of such power, then this Lease, at the option of Landlord, shall terminate and the Rent shall be properly apportioned to the date of such taking, and the Landlord shall receive the entire award for the lands and improvements so taken, or the entire amount of any payment made under the threat of the exercise of power or eminent domain, and Tenant shall have no claim for the value of any portion of its leasehold estate so terminated except any claim to which Tenant is solely entitled not affecting Landlord's claim. If less than a substantial part of the Demised Premises shall be taken, this Lease shall not terminate but Landlord, at its sole expense, shall promptly restore and reconstruct the Demised Premises, provided such restoration and reconstruction shall make the same reasonably suitable for the uses for which the Demised Premises are leased, but in no event shall Landlord be required to expend any amount greater than the amount received by Landlord as compensation for the portion of the Demised Premises taken by the condemnor. Tenant's rental obligations during the unexpired portion of this Lease shall be adjusted proportionately to reflect the gross leasable area remaining in the Demised Premises, as of the date on which the condemning authority takes title or possession.

22. FORCE MAJEURE:

In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, inability to procure materials, loss of utility services, restrictive governmental laws or regulations, riots, insurrection, war, acts of God, or other reason or a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions of this Section shall not operate to excuse Tenant from the prompt payment of Rent or any other charges under this Lease.

23. LANDLORD'S LIEN:

Tenant hereby grants to Landlord a lien upon and security interest in all goods, wares, equipment, fixtures, furniture and other personal property of Tenant situated in on or about the Demised Premises or Shopping Center, together with the proceeds from the sale or lease thereof, to secure payment of all Base Rent, Additional Rent and other charges due and to become due under this Lease, and to further secure the faithful performance of all of the other obligations of this Lease required to be performed by Tenant. Said lien is to be prior to any other lien on such property except a lien in favor of the seller or lessor of such property to secure the unpaid purchase price or lease payments

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Landlord's Initials _____

thereon. This lien and security interest are given in addition to any statutory liens in favor of Landlord and may be cumulative thereto.

Upon occurrence of an event of default, Landlord may, in addition to any other remedies provided herein or by law, enter upon the Demised Premises and take possession of any and all goods, wares, equipment, fixtures, furniture and other personal property of Tenant situated on the Demised Premises without liability for trespass or conversion and sell the same at public or private sale after giving Tenant reasonable notice of the time and place of any such sale. Unless otherwise required by law, notice to Tenant of such sale shall be deemed sufficient if given in the manner prescribed in this Lease at least ten (10) days before the time of the sale. Any public sale made under this Section shall be deemed to have been conducted in a commercially reasonable manner if held in the Demised Premises or where the Shopping Center is located, after the time, place and method of sale and a general description of the types of property to be sold have been advertised in a daily newspaper published in the county where the Shopping Center is located.

Landlord or its assigns may purchase Tenant's property at a public sale and unless prohibited by law at a private sale. The proceeds from any such disposition, less any and all expenses connected with the taking of possession, holding and selling of the property (including reasonable attorney's fees and other expenses), shall be applied as a credit against the indebtedness secured by the lien and security interest granted herein. Any surplus shall be paid to Tenant or as otherwise required by law; Tenant shall immediately pay any deficiency. Upon request by Landlord Tenant agrees to execute a Financing Statement in a form sufficient to perfect the lien and security interest of Landlord in the Tenant's property and proceeds thereof under provisions of the Uniform Commercial Code in force in the state where the Shopping Center is located.

24. SUCCESSION TO LANDLORD'S INTEREST:

24.1 **Attornment.** Tenant shall attorn and be bound to any of Landlord's successors under all the terms, covenants and conditions of this Lease for the balance of the remaining Term.

24.2 **Subordination.** This Lease shall be subordinate to the lien of any mortgage or security deed or the lien resulting from any other method of financing or refinancing now or hereafter in force against the Shopping Center, any portion thereof, or upon any buildings hereafter placed upon the land of which the Demised Premises are a part, and to any and all advances to be made under such mortgages, and all renewals, modifications, extensions, consolidations and replacements thereof. The aforesaid provisions shall be self-operative and no further instrument shall be required to evidence such subordination. Tenant covenants and agrees to execute and deliver upon demand such further instrument or instruments subordinating this Lease on the foregoing basis to the lien of any such mortgage or mortgages as shall be desired by Landlord and any mortgagees or proposed mortgagees, and hereby irrevocably appoints Landlord the attorney-in-fact of Tenant to execute and deliver such instrument or instruments within ten (10) days after written notice to do so.

24.3 **Mortgagee's Approval.** If any mortgagee of the Shopping Center requires any modification of the terms and provisions of this Lease as a condition to such financing as Landlord may desire, then Landlord shall have the right to cancel this Lease if Tenant fails or refuses to approve and execute such modification(s) within thirty (30) days after Landlord's request therefor, provided said request is made prior to the Lease Commencement Date specified in Article 1.5 hereof. Upon such cancellation by Landlord, this Lease shall be null and void and neither party shall have any liability either for damages or otherwise to the other by reason of such cancellation. In no event, however, shall Tenant be required to agree, and Landlord shall not have any right of cancellation for Tenant's refusal to agree, to any modification of the provisions of this Lease relating to the amount of rent or other charges reserved herein, the size and/or location of the Demised Premises, the duration of, and/or commencement date of, the Lease Term, or the improvements to be made by Landlord to the Demised Premises prior to delivery of possession.

24.4 **Estoppel Certificate.** Within ten (10) days after request therefor by Landlord, or in the event that upon any sale, assignment or hypothecation of the Demised Premises and/or the land thereunder by Landlord an estoppel certificate shall be required from Tenant, Tenant agrees to deliver in recordable form a certificate to any proposed mortgagee or purchaser, or to Landlord, certifying that this Lease is unmodified and in full force and effect (or if modified, that the same is in full force and effect as modified, and stating the modifications), that there are no defenses or offsets thereto (or stating those claimed by Tenant) and the dates to which Base Rent, Percentage Rent and Additional Rent have been paid.

25. SURRENDER OF PREMISES:

25.1 At the expiration or earlier termination of this Lease, Tenant shall surrender the Demised Premises to Landlord broom clean and in the same condition as when tendered by Landlord, reasonable wear and tear and insured casualty excepted. Tenant shall promptly repair any damage to the Demised Premises caused by the removal of any furniture, trade fixtures or other personal property placed in the Demised Premises.

25.2 Should Tenant, with Landlord's written consent, hold over at the end of the term hereof, Tenant shall become a Tenant at will and any such holding over shall not constitute an extension of this Lease. During such holding over, Tenant shall pay rent and other charges at the highest monthly rate provided herein. If Tenant holds over at the end of the term hereof without Landlord's written consent, Tenant shall pay Landlord as liquidated damages a sum equal to twice the rent to be paid by Tenant to Landlord for all the time Tenant shall so retain possession of the Demised Premises; provided that the exercise of Landlord's rights under this clause shall not be interpreted as a grant of permission to Tenant to continue in possession.

Tenant's Initials _____
Landlord's Initials _____

26. **SIGNS:**

Tenant shall not have the right to erect signs on the exterior walls of the Demised Premises or anywhere else on the property without the prior written consent of Landlord. At lease termination, Tenant shall remove all signs and at its own expense repair any damage caused by such removal. All and any signs erected by Tenant must meet the criteria established by Landlord in Exhibit "D" hereof.

27. **HAZARDOUS MATERIALS:**

Tenant covenants not to introduce any hazardous or toxic materials onto the Shopping Center, Demised Premises, or the grounds surrounding the Shopping Center, without (a) first obtaining Landlord's written consent and (b) complying with all applicable federal, state and local laws or ordinances pertaining to the transportation, storage, use or disposal of such materials, including but not limited to obtaining proper permits.

If Tenant's transportation, storage, use or disposal of hazardous or toxic materials on the Shopping Center, Demised Premises, or the grounds surrounding the Shopping Center results in (1) contamination of the soil or the surface or ground water or (2) loss or damage to person(s) or property, then Tenant agrees to respond in accordance with the following paragraph:

Tenant agrees (i) to notify Landlord immediately of any contamination, claim of contamination, loss or damage, (ii) after consultation and approval by Landlord, to clean up and (iii) to indemnify, defend and hold Landlord harmless from and against any claims, suits, causes of action, costs and fees, including attorney's fees, arising from or connected with any such contamination, claim of contamination, loss or damage. This provision shall survive the termination of this Lease.

28. **MISCELLANEOUS:**

28.1 **Partial Invalidity.** If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

28.2 **Successors and Assigns.** Except as otherwise provided herein, this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, executors, successors and assigns.

28.3 **Waiver.** The waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term or condition of this Lease shall be deemed to have been waived by Landlord, unless such waiver be in writing by Landlord.

28.4 **Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

28.5 **Attorneys' Fees.** In the event any action is commenced for any breach of any covenant, condition or agreement herein contained, the prevailing party in such action shall be entitled to receive all costs incurred in such action, including without limitation, all reasonable attorneys' fees.

28.6 **Time Is Of The Essence.** Time is of the essence of this agreement.

28.7 **Broker's Commission.** Tenant warrants that it has had no dealings with any broker or agent in connection with this Lease except as designated in Article 1.15, and covenants to pay, hold harmless and indemnify Landlord from and against any and all cost, expense or liability for any compensation, commissions and charges claimed by any broker or agent with respect to this Lease or the negotiation thereof.

28.8 **Entire Agreement.** This Lease and the Exhibits and Addenda, if any, attached hereto and forming a part hereof, set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Demised Premises and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than as are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them.

28.9 **No Recordation.** Tenant's recordation of this Lease or any memorandum or short form of it will be void and a default under this Lease.

Tenant's Initials _____
Landlord's Initials _____

28.10 **Applicable Law.** The validity, performance and enforcement of this Lease shall be governed by the laws of the state in which the Shopping Center is located.

28.11 **Notices.** Whenever under this Lease provision is made for any demand, notice or declaration of any kind, or where it is deemed desirable or necessary by either party to give or serve any such notice, demand or declaration to the other party, it shall be in writing and sent by certified mail, return receipt requested, postage prepaid, to the address set forth in Articles 1.8 (A) and 1.9 (A) hereof, or to such other address as may be given by a party to the other by proper notice hereunder. The date on which the certified mail is deposited with the United States Postal Service shall be the date on which any proper notice hereunder shall be deemed given.

28.12 **Quiet Enjoyment.** Landlord warrants that it has full right and power to execute and perform this Lease, and that Tenant, on payment of the sums due hereunder and performance of all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, shall peacefully and quietly have, hold and enjoy the Demised Premises during the Term of this Lease and any extension or renewal hereof.

28.13 **Compliance with Law.** Tenant shall comply with all present and future laws, ordinances and regulations applicable to the use of Demised Premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisance in, upon or connected with the Demised Premises, all at Tenant's sole expense.

28.14 **Superior Law.** If any provision of this Lease is ever in conflict with any applicable law or regulation, either now in effect or hereafter adopted, said law or regulation shall control.

28.15 **Guarantor.** In the event that there is a guarantor of this Lease, said guarantor shall have the same obligations as Tenant under this Lease.

28.16 **Relocation of the Premises.** Landlord reserves the unrestricted and unconditional right to relocate the Demised Premises to substantially comparable space within the Shopping Center. Landlord will give Tenant a written notice of its intention to relocate the Premises, and Tenant will complete such relocation within thirty (30) days after receipt of such written notice. If the furnishings of the space to which Landlord proposes to relocate Tenant are not substantially the same as those of the Premises, or if the Monthly Base Rent of the new space is not substantially the same as the prior Monthly Base Rent, Tenant may terminate this Lease effective as of the thirtieth (30) day after Landlord's initial notice unless Landlord elects to rescind the notice to relocate. If Tenant does relocate within the Shopping Center, then effective on the date of such relocation this Lease will be amended by deleting the description of the original Premises and substituting for it a description of such comparable space. Landlord agrees to reimburse Tenant for its actual moving costs to such other space within the Shopping Center, to the extent such costs are reasonable.

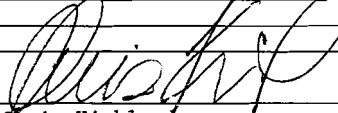
28.17 **Landlord's Fees.** Whenever Tenant requests Landlord to take any action or give any consent required or permitted under this Lease, Tenant will reimburse Landlord for all of Landlord's costs incurred in reviewing the proposed action or consent, including, without limitation, reasonable attorney's, engineers', architects', accountants' and other professional fees, within ten (10) days after Landlord's delivery to Tenant of a statement of such costs. Tenant will be obligated to make such reimbursement without regard to whether Landlord consent to any such proposed action.

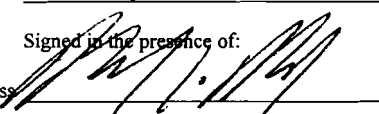
28.18 **Exhibits.** The Exhibits listed in Article 1.16 are attached hereto and by this Article made a part hereof.

28.19 **Execution of Leases.** The submission of this Lease for examination does not constitute a reservation of or option for the Demised Premises and this Lease becomes effective as a lease only upon execution and delivery thereof by Landlord and Tenant. If Tenant is a corporation, Tenant shall furnish Landlord with such evidence as Landlord reasonably requires to evidence the binding effect on Tenant of the execution and delivery of this Lease.


IN WITNESS WHEREOF, the parties have subscribed their respective signatures in execution hereof, on the day and year written.

TENANT:
Nasasau County Board of Commissioners

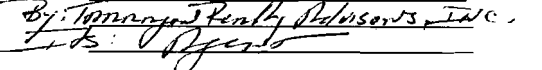
By 
Name Chris Kirkland
Title Chairman
Date February 23, 1998

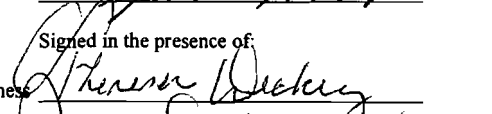
Signed in the presence of:
Witness 


Witness _____

ATTEST:

J.M. Oxley, Jr., Ex-Officio Clerk

LANDLORD:
Cal Plaza Holdings, Association, LTD.

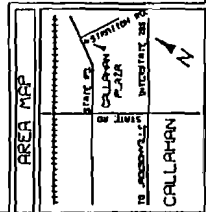
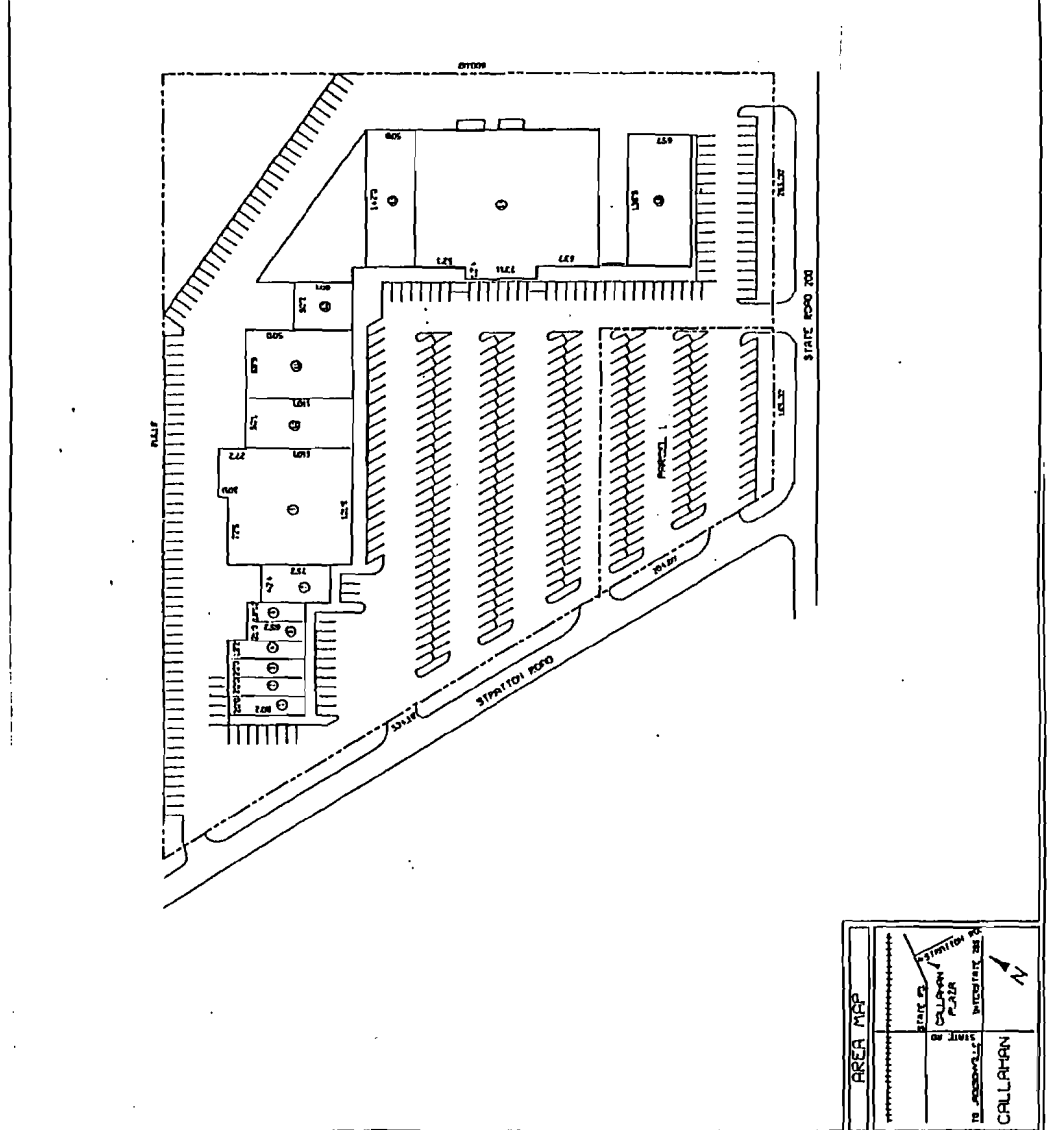
By 
Name Thomas W. Christie
Title Senior Vice President
Date April 6, 1998

Signed in the presence of:
Witness 

Witness 

Tenant's Initials _____
Landlord's Initial _____

LEASE AGREEMENT
EXHIBIT A
SITE PLAN



Tenant: Nassau County Board of Commissioners The Demised Premises and the Shopping Center as shown above are approximations.

DBA: Public Library

Demised Premises: approximately 5,520 square feet

Frontage: approximately 50 linear feet

Maximum Depth: approximately 110 linear feet

A

04/30/91

Tenant's Initials _____
Landlord's Initials _____

LEASE AGREEMENT
EXHIBIT B
LEGAL DESCRIPTION

PARCEL 1

That certain piece, parcel or tract of land, situate, lying and being a part of the Northwest 1/4 and a part of Government Lot 2, all in Section 29, Township 2 North, Range 25 East, Nassau County, Florida, and being more particularly described as follows: Commencing at the centerline intersection of U. S. Highway No. 1 and State Road No. 200 (a 66-foot right of way as now established by the State Road Department); thence North 39° 10' 00" East along said centerline of State Road No. 200, 1330.45 feet to the P.C. of a curve to the left in said centerline, said curve having a radius of 57,295.78 feet; thence continuing along said centerline of State Road No. 200 and around and along said curve, North 38° 45' 01" East, 832.73 feet (chord bearing and distance) to its intersection with a Westerly prolongation of the Southerly right of way line of Stratton Road, 38.74 feet to its intersection with the Southeasterly right of way line of said State Road No. 200, being a curve and having a radius of 57,328.78 feet; thence continuing South 82° 46' 00" East along the Southerly right of way line of Stratton Road, 204.60 feet for a point of beginning; thence continuing along said Southerly right of way line of Stratton Road, 534.18 feet; thence South 38° 36' 43" West, 816.16 feet; thence North 51° 15' 22" West, 25.00 feet; thence North 38° 36' 43" East, 25.00 feet; thence North 51° 15' 22" West, 35.00 feet; thence North 38° 36' 43" East, 185.50 feet; thence North 51° 15' 22" West, 394.90 feet; thence North 38° 23' 49" East, 326.46 feet to the point of beginning.

The above described land is subject to a mortgage to Life Investors Insurance Company of America, dated June 27, 1972, and recorded on June 30, 1972, in Official Records Volume 127, page 265, public records of Nassau County, Florida, securing an original indebtedness of \$460,000, which mortgage is a permitted encumbrance hereunder.

PARCEL 2

That certain piece, parcel or tract of land, situate, lying and being a part of the Northwest 1/4 and a part of Government Lot 2, all in Section 29, Township 2 North, Range 25 East, Nassau County, Florida, and being more particularly described as follows: Commencing at the centerline intersection of U.S. Highway No. 1 and State Road No. 200 (a 66-foot right of way as now established by the State Road Department); thence North 39° 10' 00" East along said centerline of State Road No. 200, 1330.45 feet to the P.C. of a curve to the left in said centerline, said curve having a radius of 57,295.78 feet; thence continuing along said centerline of State Road No. 200 and around and along said curve, North 38° 45' 01" East, 832.73 feet (chord bearing and distance) to its intersection with a Westerly prolongation of the Southerly right of way line of Stratton Road (an existing paved County maintained road, being a approximate 60-foot right of way); thence South 82° 46' 00" East along said Westerly prolongation of said Southerly right of way line of Stratton Road, 38.74 feet to its intersection with the Southeasterly right of way line of said State Road No. 200, being a curve and having a radius of 57,328.78 feet for a point of beginning; thence continuing South 82° 46' 00" East along the Southerly right of way line of Stratton Road, 204.60 feet; thence South 38° 23' 49" West, 326.46 feet; thence South 51° 15' 22" East, 394.90 feet; thence South 38° 36' 43" West, 185.50 feet; thence South 51° 15' 22" East, 35.00 feet; thence South 38° 36' 43" West, 25.00 feet; thence North 51° 15' 22" West, 605.00 feet to said curved Southeasterly right of way line of State Road No. 200; thence North 38° 31' 35" East around and along said curved Southeasterly right of way line of State Road No. 200, a distance of 430.00 feet (chord bearing and distance) to the point of beginning.

**LEASE AGREEMENT
EXHIBIT C
CONSTRUCTION RIDER**

1. Tenant has inspected the Demised Premises and accepts them in their present condition. Tenant has the responsibility, except as stated elsewhere in this Lease, to repair all existing construction as required for Tenant's use and occupancy, including, but not limited to: storefronts, heating and air conditioning systems, electrical systems, lighting, partitions, doors and all finishes.

2. Tenant shall, at Tenant's sole expense, furnish to Landlord construction drawings and specifications (hereinafter called "Plans"), describing all work necessary to construct the Demised Premises for Tenant's use and occupancy (hereinafter called "Tenant Improvements"). Tenant shall furnish to Landlord three (3) copies of the Plans for Landlord's review and approval, which is required prior to the initiation of any work on the Tenant Improvements. Landlord shall have ten (10) working days from the date of receipt of the Plans to review them.

3. Tenant shall, at Tenant's sole expense, perform all work necessary to complete the Tenant Improvements as approved by Landlord.

4. Tenant shall cause the Tenant Improvements to be constructed in compliance with all applicable ordinances, laws, rules and regulations of all governmental authorities, and shall secure written approval of the Plans from such governmental authorities before beginning work on the Tenant Improvements. In the event that said governmental authorities require changes or alterations in the Plans before granting Tenant written approval, then Tenant shall, at Tenant's sole expense, cause the Plans to be revised to indicate the required changes or alterations, and shall furnish to Landlord two (2) copies of the revised Plans for Landlord's records.

5. Tenant shall cause the Tenant Improvements to be constructed by a contractor (hereinafter called "Tenant's Contractor") licensed by the appropriate governmental authorities, and shall require Tenant's Contractor to furnish to Landlord a Certificate of Insurance as proof of insurance coverage in at least the following amounts:

(A) Workers Compensation Insurance in the amounts required by law in the state in which the Shopping Center is located;

(B) Comprehensive general liability insurance and personal injury liability insurance, specifying a single occurrence policy limit of at least \$1,000,000;

(C) Products/Completed Operations Insurance;

(D) Independent Contractors Insurance;

(E) Personal liability insurance specifying a single occurrence policy limit of at least \$1,000,000;

(F) Owned and hired automobile and equipment liability insurance; and

(G) Builders Risk Insurance in the minimum amount of the contract between Tenant and Tenant's Contractor.

6. Tenant shall, before opening for business, furnish to Landlord a Certificate of Occupancy or other documentation indicating acceptance of construction by the appropriate governmental authorities. Tenant shall also furnish to Landlord an acceptable Affidavit of No Liens and Waivers of Lien from Tenant's Contractor and its subcontractors.

7. Tenant shall, at Tenant's sole expense, furnish signs and the electrical connections thereto, in compliance with Exhibit D hereof.

**LEASE AGREEMENT
EXHIBIT D
TENANT SIGN CRITERIA
(Individual Letters)**

Tenant's fascia sign ("hereinafter called "Sign") shall be designed, built, installed and maintained in strict accordance with the following criteria.

1. Design:

(A) The Sign shall be individually lighted letters mounted directly to the sign fascia, or mounted on a continuous metal bar or raceway. All letters and symbols shall be formed with metal sides and plastic faces; the letters shall have a minimum depth of four (4) inches with the plastic faces being a minimum of three-sixteenths (3/16) inch thick. The Sign shall be lighted adequately to achieve an even lighting level across the face of the letter. All wiring and electrical devices shall be hidden from view. If a raceway or wiring bar is provided, it shall be colored to match the sign fascia.

(B) Mounting of the Sign shall be performed in a workmanlike manner. Tenant accepts responsibility for any damage to the property caused by Tenant's sign installer.

(C) All materials used in the fabrication and mounting of the Sign, including but not limited to fasteners, bolts and screws, shall be rustproof. If the sign fascia is metal, then the fascia shall be protected from galvanic reaction with all metal parts of the Sign.

2. Size: The Sign shall conform to the following size and location requirements:

(A) The length of the Sign shall not be greater than eighty percent (80%) of the frontage of the Demised Premises. The length of the Sign shall be measured from the outer edge of the first letter to the outer edge of the last letter.

(B) The vertical height of the Sign shall not be greater than fifty percent (50%) of the sign fascia, and in no case shall the vertical height of the Sign be less than eighteen (18) inches. The vertical height of the Sign shall be measured from the tallest letter and shall include the tails of lower case letters that extend below the line. In cases where Sign letters are stacked, the vertical height measurement shall include all stacked letters and the spaces between letter rows. Raceways and wiring bars shall be included in the vertical height measurement.

3. Location: The Sign shall be centered on the Tenant's storefront horizontally, and shall be centered on the sign fascia vertically. If the fascia is angular, the Sign shall be mounted perpendicular to the ground and diagonal bracing shall be attached to the rear of the sign.

4. Landlord's Approval: Tenant, at Tenant's sole expense, shall have prepared and shall submit to Landlord three (3) copies of the plans and specifications for Tenant's Sign, prior to fabrication of the Sign. The plans shall include detailed information concerning the size, location, materials, color, electrical devices and connections. Landlord shall have ten (10) working days from receipt of the plans to approve/disapprove them.

5. Applicable Laws: Tenant is responsible for securing all necessary permits and approvals from governmental authorities having jurisdiction. Tenant shall further cause the Sign to be fabricated and installed to comply with all applicable laws, rules and ordinances promulgated by the governmental authorities having jurisdiction, and in accordance with the plans as approved by Landlord.

6. Other Signage: Tenant shall not place any under canopy signage in front of the Demised Premises without prior written approval of Landlord. In the event Landlord determines that under canopy signs are desirable for the Shopping Center, Tenant shall place such a sign according to specifications provided by Landlord. Tenant shall be prohibited from placing any other signage on, about or in front of the Shopping Center, or the Demised Premises, without the prior written consent of Landlord. This shall include but not be limited to: banner signs, marquee signs, trailer signs, billboard signs, and window painted signs. If Tenant violates this restriction, Landlord shall have the right, without notice to Tenant, to remove such sign without liability therefor.

7) Maintenance: Tenant shall maintain the Sign during the Term of this Lease and any extension thereof. The Sign shall be kept clean and in operating condition and Tenant shall develop a continuing maintenance program to ensure same.

LEASE AGREEMENT
EXHIBIT E
GUARANTY OF LEASE

TENANT: Nassau County Board of Commissioners SHOPPING CENTER: Callahan Plaza
DBA: Public Library LEASE DATED: _____

FOR VALUE RECEIVED, And in consideration of and as an inducement for the execution and delivery of the Lease referred to above between Landlord and Tenant, the undersigned Guarantor hereby guarantees to Landlord, the full and prompt payment of all Rent, and any and all other sums and charges payable by Tenant under the Lease, and the full and timely performance and observance of all the covenants, terms, conditions and agreements in the Lease to be performed and observed by the Tenant. Guarantor hereby covenants and agrees that if default shall at any time be made by the Tenant in the payment of any such Rent or of the covenants, terms, conditions or agreements in the Lease, the Guarantor will promptly pay such Rent and other sums and charges to the Landlord, and/or perform and fulfill all of such terms, covenants, conditions and agreements, and will pay the Landlord all damages and expenses, including attorney's fees, that may arise in consequence of any default by the Tenant under the Lease of by the enforcement of this Guaranty.

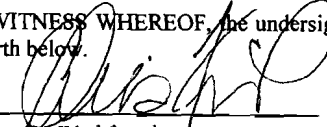
This Guaranty is an absolute and unconditional guaranty of payment and of performance. It shall be enforceable against the Guarantor, without the necessity of any suit or proceedings on the Landlord's part of any kind or nature whatsoever against the Tenant and without the necessity of any notice of non-payment, non-performance, non-observance, acceptance of this Guaranty, or any other notice or demand to which the Guarantor hereby expressly waives. The Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of the Guarantor hereunder shall in no way be terminated, affected, diminished or impaired by reason of the assertion or failure to assert by the Landlord against the Tenant any of the rights and remedies available to the Landlord or by relief of Tenant from any of the Tenant's obligations under this Lease by the rejection of the Lease in connection with proceedings under the Bankruptcy laws now or hereafter in effect or otherwise.

This Guaranty shall be a continuing guaranty and the liability of the Guarantor hereunder shall in no way be affected, modified or diminished by reason of any assignment, renewal, modification or extension of the Lease or by reason of any modification or waiver of or change in any of the terms, covenants, conditions or provisions of the Lease, or by reason on any extensions of time that may be granted by the Landlord to the Tenant or by reason of a change for different use of the Demised Premises or by reason of any dealings or transactions or matters or things occurring between Landlord and the Tenant, whether or not the Guarantor has knowledge or notice thereof. Landlord reserves the right to obtain credit report.

The assignment by Landlord of the Lease and/or the Rents and other receipts thereof made either with or without the Guarantor's knowledge or notice shall in no manner whatsoever release the Guarantor from any liability as Guarantor. This Guaranty may be assigned by Landlord.

All the Landlord's rights and remedies under the said Lease or under this Guaranty are intended to be distinct, separate and cumulative and no such right and remedy therein or herein mentioned is intended to be an exclusion or a waiver of any of the others. This Guaranty shall be binding upon the Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty of Lease as of the day and year set forth below.

Guarantor  Date 2/23/95
Name Chris Kirkland Address P.O. Box 1010
Fernandina Beach, FL 32035
Telephone 904-321-5703

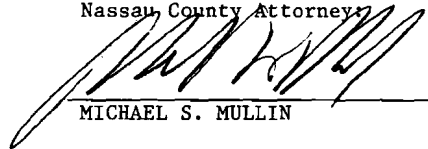
Social Security/Tax ID# _____

04/30/91
ATTEST:


J. M. Oxley, Jr., Ex-Officio Clerk

Tenant's Initials CK
Landlord's Initials _____

Approved as to form by the
Nassau County Attorney


MICHAEL S. MULLIN

ADDENDUM TO SHOPPING CENTER LEASE AGREEMENT
("THE LEASE") BY AND BETWEEN
Cal Plaza Holdings Association, LTD. ("LANDLORD")
AND Nassau County Board of Commissioners ("TENANT")
FOR PREMISES LOCATED AT 324 1st Avenue

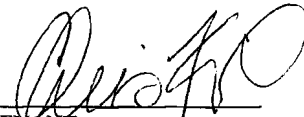
THE LANDLORD AND TENANT HEREBY AGREE THAT THE LEASE SHALL BE
AMENDED OR MODIFIED IN THE FOLLOWING RESPECTS:

1. RADON DISCLOSURE

"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."

2. AGENCY DISCLOSURE

The Landlord and Tenant hereby acknowledge that Walter Dickinson, Inc. is the agent and representative of the Landlord.




TENANT

BY _____

NAME Chris Kirkland
TITLE Chairman
DATE February 23, 1998

ATTEST:



J. M. Oxley, Jr.
Ex-Officio Clerk

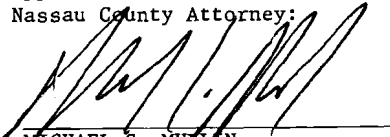
Cal Plaza Holdings Association
By: Walter Dickinson, Inc.

LANDLORD Agent

BY _____

NAME Walter Dickinson
TITLE Gen. Vice President
DATE 2/23/98

Approved as to form by the
Nassau County Attorney:



MICHAEL S. MULLIN

TALCOR**Commercial
Real Estate
Services, Inc.**

June 7, 2005

Ms. Joyce Bradley
Clerk's Office
76347 Veterans Way
Yulee, FL 32907

Dear Ms. Bradley

Nassau County Library – Callahan Branch
5266 W. State Road 200, Suite 10
Callahan Plaza

Enclosed, for your records, is a fully executed original Second Amendment To Lease covering the above referenced space. We are pleased that Nassau County elected to continue their occupancy of this space as well as the business relationship that has been established over the years. We look forward to continuing this relationship for the next five (5) years.

As Callahan Plaza's property manger, I have already met with Mr. Daniel Salmon to discuss how the tenant improvements listed under Section 4 of this agreement will be implemented. I will continue working with Mr. Salmon until all of this work has been completed.

Again, we thank Nassau County for continuing this business relationship. Should you have any questions please do not hesitate to contact me.

Sincerely,

David Meyers, CPM
Director Of Property Management
(386)-299-2127

F:\FORMS\TALCOR\TALCOR Letterhead.dot

SECOND AMENDMENT TO LEASE

STATE OF FLORIDA

COUNTY OF NASSAU

THIS SECOND AMENDMENT TO LEASE (the "Second Amendment") made and entered into this 15 day of June, 2005, by and between CAL PLAZA HOLDINGS ASSOCIATION, LTD., (hereinafter referred to as "Landlord") and NASSAU COUNTY BOARD OF COMMISSIONERS, dba PUBLIC LIBRARY, (hereinafter referred to as "Tenant");

WITNESSETH:

WHEREAS, Landlord and Tenant entered into a Lease Agreement dated February 12, 1998, as amended with First Amendment to Lease dated March 25, 2002, for certain premises located at Suite 10, 5266 W. State Road 200, Callahan, Florida (hereinafter referred to as "Original Lease").

WHEREAS, Landlord and Tenant desire to further amend the Lease in certain respects to ratify and confirm all of the provisions of the Lease Agreement;

NOW THEREFORE, in consideration of the premises, the sum of TEN DOLLARS (\$10.00) in hand paid by Tenant to Landlord, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Section 1.5 Commencement Date: The Term of this Second Amendment to Lease shall commence on June 1, 2005.
2. Section 1.6 Expiration Date: The Expiration Date of the Lease as amended hereby shall be May 31, 2010.
3. Section 1.11 Base Rent, Monthly Installments – The Base Rent due under this Second Amendment shall be per the following schedule:

<u>Dates</u>	<u>Per Sq. Ft.</u>	<u>Monthly</u>	<u>Annually</u>
06/01/05 – 05/31/06	\$5.75	\$2,645.00	\$31,740.00
06/01/06 – 05/31/07	\$5.92	\$2,723.20	\$32,678.40
06/01/07 – 05/31/08	\$6.10	\$2,806.00	\$33,672.00
06/01/08 – 05/31/09	\$6.28	\$2,888.80	\$34,665.60
06/01/09 – 05/31/10	\$6.47	\$2,976.20	\$35,714.40

4. **Tenant Improvements:** As additional incentive for Tenant to enter into this Second Amendment to Lease, Landlord, at Landlord's sole cost and expense, covenants to install and complete the improvements listed herein below ("Tenant Improvements") to, in and upon the Tenant's Demised Premises:

- remove existing HVAC equipment and replace with two (2) new 10-ton HVAC units and upgrade existing duct work in a manner and to a commercial standard to furnish comfortable interior temperatures at all times during the term of occupancy;
- complete certain repairs and replacements to the roof system to provide water-tight Premises for Tenant's use at all times during the term of occupancy;
- add ceiling roof vents;
- replace any damaged and/or stained ceiling tiles;
- seal all doors and windows including the installation of new weather stripping where needed;
- replace existing carpet with new building standard carpet or comparably priced alternative flooring selected by Tenant and approved by Landlord;
- repaint the interior of the Demised Premises according to building standard as reasonable directed by Tenant and approved by Landlord;
- replace light bulbs and screens as needed to provide adequate lighting in good working condition throughout the Demised Premises; and

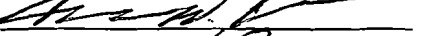
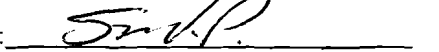
- Landlord shall provide ADA parking pursuant to Florida's statutory requirements for Tenant's non-exclusive use throughout the term of occupancy.

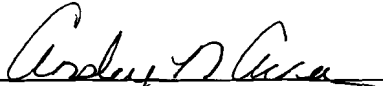
5. The appropriations necessary for the funding of this Agreement shall not be pledged from ad valorem funding sources of the Board of County Commissioners of Nassau County, Florida.
6. Except as provided herein, all other terms, conditions and covenants under said Original Lease shall remain in full force and effect and cannot be modified unless said modification is reduced to writing and signed by all parties. Should any inconsistency or conflict arise between the Original Lease and this Second Amendment to Lease, this Second Amendment shall take precedence as the governing document with respect to such conflict.
7. This Second Amendment shall be binding upon and inure to the benefit of Landlord, Tenant and their respected transfer, successors and assigns.
8. This Second Amendment shall be governed in all respects by the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.


LANDLORD:
CAL PLAZA HOLDINGS ASSOCIATION, LTD.

TENANT:
NASSAU COUNTY BOARD OF
COMMISSIONERS dba/PUBLIC LIBRARY


BY: 
ITS: 

BY: 
Ansley N. Agree
ITS: Chairman

ATTEST:


John A. Crawford, Ex-Officio Clerk

Approved as to form by the Nassau County
Attorney:


Michael S. Mullin

WINDERWEEDLE, HAINES,
WARD & WOODMAN, P.A.

ATTORNEYS AT LAW

MAIN TELEPHONE (407) 423-4246
WWW.WHWW.COM

Please Reply To:

Winter Park Office

Randolph J. Rush
Direct Dial: (407) 246-8413
E-mail: rrush@whww.com

April 25, 2006

Joyce Bradley
Board of County Commissioners
Nassau County
Post Office Drawer 1010
Fernandina Beach, Florida 32035-1010

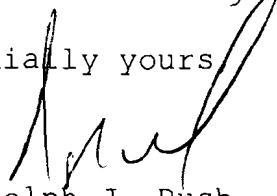
Re: National City Bank Loan To Cal Plaza Holdings Associates,
Ltd.

Dear Joyce:

Enclosed please find fully executed copies of the Subordination, Non-Disturbance and Attornment Agreement by Nassau County Board of Commissions d/b/a Public Library.

If you have any questions, please feel free to give me a call.

Cordially yours


Randolph J. Rush

RJR/jll
Enclosures
cc: Carol Holler (w/enc.)

SUBORDINATION, NON-DISTURBANCE AND
ATTORNMEN T AGREEMENT

This Subordination, Non-Disturbance and Attornment Agreement ("Agreement") is entered into as of the 27 day of Feb, 2006, by and among NASSAU COUNTY BOARD OF COMMISSIONS d/b/a Public Library ("Tenant"), CAL PLAZA HOLDINGS ASSOCIATES, LTD. ("Borrower") and NATIONAL CITY BANK ("Lender").

RECITALS:

A. Borrower is the owner of certain real property (the "Land") located in Callahan, Florida, and the improvements located on that real property (the Land and the improvements are collectively called the "Premises").

B. Lender has made or is planning to make a loan (the "Loan") to Borrower in the principal amount of \$2,000,000.00. Borrower's obligation to repay the Loan is evidenced by its promissory note (the "Note"); the obligation to pay the indebtedness evidenced by the Note is secured by the lien of a mortgage (the "Mortgage") that encumbers Borrower's ownership interest in the Premises. The Note, the Mortgage, this Agreement and all other documents evidencing, securing the repayment of, or relating to, the Loan are collectively referred to as the "Loan Documents."

C. Tenant and Borrower (as landlord) entered into a Lease dated as of February 12, 1998, as amended by that certain First Amendment To Lease dated March 25, 2002 and Second Amendment To Lease dated June 1, 2005 (unamended if blank) (as amended, the "Lease"), under the terms of which Borrower leases the Premises to Tenant.

D. Lender is willing to continue the Loan to Borrower if Tenant agrees to subordinate Tenant's rights under the Lease to the lien or charge of the Loan Documents and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions if Lender agrees not to disturb Tenant's possession in accordance with the terms of the Lease, all as set forth more fully below.

AGREEMENTS:

The parties agree as follows:

1. Subordination. The Loan Documents and all supplements, amendments, modifications, renewals, replacements and extensions of and to them are and will remain at all times a lien or charge on the Premises prior and superior to the Lease, to the leasehold estate created by it, and to all rights and privileges of Tenant arising under its terms. Tenant subjects and subordinates the Lease, Tenant's leasehold estate and all rights and privileges arising in Tenant's favor under the terms of the Lease to the lien or charge of the Loan Documents in favor of Lender. Tenant consents to Borrower's

execution and delivery of the Note and the Mortgage. Tenant further acknowledges that, in making disbursements in accordance with the Loan Documents, Lender has no obligation or duty to, nor has Lender represented that it will, see to the application of such proceeds by the person or persons to whom Lender disburses them, and any application or use of such proceeds will not defeat the subordination that Tenant makes in this Agreement, in whole or in part.

2. Definitions of "Transfer of the Premises" and "Purchaser". The term "Transfer of the Premises" means any transfer of Borrower's interest in the Premises by foreclosure or trustee's sale or as a result of any other action or proceedings for the enforcement of the Mortgage or any transfer by deed in lieu of foreclosure. The term "Purchaser" means any transferee, including Lender, that acquires Borrower's interest in the Premises as a result of a Transfer of the Premises, and all successors and assigns, including Lender, of that initial transferee.

3. Non-Disturbance. Notwithstanding any Transfer of the Premises, Lender's seizure of possession of the Premises, any other similar action to enforce the Mortgage, or any other action taken in connection with the Mortgage:

- (a) the holder or beneficiary of the Mortgage will not name or join Tenant in any foreclosure, trustee's sale or other proceeding to enforce the Mortgage unless an event of default by Tenant has occurred under the Lease and is continuing or the joinder is required by law in order to perfect the foreclosure, trustee's sale or other proceeding;
- (b) the enforcement of the Mortgage will not terminate the Lease or disturb Tenant in its possession and use of the Premises unless an event of default by Tenant has occurred under the Lease and is continuing; and
- (c) the leasehold estate granted by the Lease will not be affected in any manner so long as no event of default by Tenant under the Lease has occurred and is continuing and in no event neither Lender, if it becomes the Purchaser or if it takes possession of the Premises in accordance with the terms of the Mortgage, nor any other Purchaser will:
 - (i) be liable for any damages attributable to any act, omission, representation or warranty of any prior landlord (including Borrower);
 - (ii) be subject to any offset, counterclaim or defense that the parties have not specifically contemplated in the Lease and that Tenant may have against any prior landlord;
 - (iii) be bound by any prepayment that Tenant makes more than 30 days in advance of the date on which the payment becomes due under the terms of the Lease or for any security deposit not actually delivered to Purchaser or by any modification or amendment of the Lease made

without Lender's consent unless the Lease specifically contemplates the prepayment, amendment or modification and the parties observe all conditions set forth in the Lease that relate to the prepayment, amendment or modification; or

- (iv) be obligated to complete any pre-occupancy construction work.

4. Attornment. If any Transfer of the Premises occurs, the Purchaser will be bound to Tenant and Tenant will be bound to the Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the term of the Lease and any extensions or renewals of that term, whether occurring by reason of the exercise of any valid extension or renewal option contained in the Lease or otherwise, all with the same force and effect as if the Purchaser had been the original landlord designated in the Lease. Tenant attorns to the Purchaser, including Lender if it becomes the Purchaser, as the landlord under the Lease. This attornment will be effective and self-operative without the execution of any further instruments, upon the Purchaser's succession to the landlord's interest under the terms of the Lease.

5. Default By Borrower. If Borrower defaults in the performance of obligations it undertakes under the terms of the Loan Documents, Tenant will recognize the assignment of rents Borrower made to Lender in the Mortgage and will pay to Lender as assignee all rents that become due under the terms of the Lease after the date of Tenant's receipt of written notice from Lender that Borrower is in default under the terms of the Loan Documents. Moreover, if a Transfer of the Premises occurs, Tenant will pay to Purchaser all rents that become due under the terms of the Lease after the date of Tenant's receipt from the Purchaser of written notice of the Transfer of the Premises. Borrower authorizes Tenant to accept the direction of Lender or the Purchaser and waives all claims against Tenant for any sums so paid at Lender's or Purchaser's direction. Tenant's payment of rents to Lender in accordance with the foregoing will continue until the first to occur of the following:

- (a) no further rent is due or payable under the terms of the Lease;
- (b) Lender gives Tenant notice that Borrower has rectified the default that existed in respect of its obligations under the terms of the Loan Documents and instructs Tenant to make subsequent remittances of the rent to Borrower; or
- (c) a Transfer of the Premises occurs and the Purchaser gives Tenant notice of that Transfer. The Purchaser will automatically succeed to Borrower's interest under the terms of the Lease, after which time the rents and other benefits accruing in favor of Borrower under the terms of the Lease will be payable to the Purchaser as the owner of the Premises.

6. Limitation on Lender's Performance. Nothing in this Agreement obligates Lender to perform any covenant made by Borrower as landlord in the Lease unless and until Lender obtains title to the Premises as Purchaser or takes possession of the Premises in accordance with the terms of the Mortgage, and then only during the time when Lender holds title to or possession of the Premises.

7. Tenant's Covenants. During the term of the Lease, without Lender's prior written consent, Tenant may not:

- (a) pay to any landlord (including Borrower) any installment of rent more than one month in advance of the time it becomes due under the terms of the Lease; or
- (b) cancel, terminate or surrender the Lease, except through the exercise of a right expressly accorded to Tenant in the Lease; or
- (c) assign the Lease or sublet any portion of the Premises, except as expressly permitted without the landlord's consent in the Lease.

8. Notices of Default; Material Notices. Tenant shall send to Lender a copy of any notice of default or similar statement connected with the Lease at the same time that it sends that notice or statement to Borrower. Borrower shall also send to Lender copies of all material notices that it gives to Tenant in connection with the Lease. Tenant and Borrower will deliver those notices to Lender in the manner and at the addresses set forth below.

9. Limitation on Liability. Regardless of anything in the Lease or this Agreement apparently to the contrary, Tenant may not seek to satisfy any judgment that Tenant obtains by reason of the negligence of any Purchaser or any of its directors, officers, agents, employees or contractors or by reason of that Purchaser's failure to perform any of the obligations incumbent upon the landlord under the terms of the Lease from any source other than that Purchaser's interest in the Premises and the revenue generated by the operation of the Premises, except as provided below. Tenant may, however, satisfy any such judgment by offsetting the amount of the judgment against rent becoming due under the terms of the Lease. The foregoing limitation on the sources of Tenant's recovery will not apply in those instances (i) where proceeds of any insurance are available to satisfy the judgment, (ii) where Tenant obtains the judgment because of the Purchaser's misapplication of funds that an insurer or a condemning authority pays to the Purchaser and that the Purchaser must use for restoration of the Premises in accordance with the terms of the Lease, (iii) where Tenant obtains the judgment because of the Purchaser's misapplication of funds that Tenant pays to the Purchaser for remittance to a third party, such as a taxing authority, or (iv) where Tenant obtains the judgment because of the Purchaser's fraud. After application of the proceeds of any insurance that are available to satisfy a judgment that Tenant obtains by reason of the negligence of any Purchaser or any of its directors, officers, agents, employees or contractors or by reason of that Purchaser's failure to perform any of the obligations

incumbent upon the landlord under the terms of the Lease, Tenant may not seek to satisfy the balance of such judgment remaining after such application from any source other than that Purchaser's interest in the Premises and the revenue generated by the operation of the Premises, except as expressly provided above. Nothing contained in this Section impairs, affects, lessens, abrogates or otherwise modifies the obligations of Borrower to Tenant under the terms of the Lease.

10. Lender's Rights to Cure Default. If any act or omission by Borrower gives Tenant the right to terminate the Lease or to claim a partial or total eviction, Tenant may not exercise that right or make that claim until it has given Lender written notice of the occurrence of that act or omission and Lender has failed to rectify the condition giving rise to that right or that claim within (i) 10 days, if Lender can accomplish the rectification by the mere payment of money, (ii) 30 days, if Lender cannot accomplish the rectification by the mere payment of money and the rectification does not require Lender to obtain possession of the Premises, and (iii) a reasonable time, if Lender cannot accomplish the rectification by the mere payment of money, the rectification requires Lender to obtain possession of the Premises, and Lender both commences efforts to obtain possession of the Premises and to rectify the condition within 30 days after the delivery of Tenant's notice and diligently and continuously pursues those efforts. The foregoing does not obligate Lender to undertake the rectification of any default by Borrower in respect of the performance of its obligations under the terms of the Lease.

11. Termination of Agreement. If no Transfer of the Premises occurs, this Agreement becomes void upon payment in full of the indebtedness evidenced by the Note and the recordation of a release or satisfaction of the Mortgage.

12. Integration. This Agreement integrates all of the terms and conditions of the parties' agreement regarding the subordination of the Lease and the leasehold estate that it creates to the lien or charge of the Loan Documents. This Agreement supersedes and cancels all oral negotiations and all prior writings relating to that subordination including any provisions of the Lease that provide for the subordination of the Lease. The parties intend this Agreement as the final expression of their agreement relating to the subordination of the Lease to the operation and effect of the Loan Documents. The parties may amend this Agreement only by means of a written agreement that the parties or their respective successors in interest sign.

13. Notices. All notices connected with this Agreement must be in writing and the parties must deliver those notices by means of messenger service, overnight delivery service, or by registered or certified United States mail, postage prepaid, sent to the recipient at its address specified below. Notices will be effective upon receipt or when the recipient refuses proper delivery. Any party may change its address for the delivery of notices connected with this Agreement by delivering notice to all other parties in accordance with this Section. Service of any notice on any one Borrower will be effective service on Borrower for all purposes.

To Lender: National City Bank
 2000 Auburn Drive, Suite 400
 Beachwood, Ohio 44122

To Borrower: CAL PLAZA HOLDINGS ASSOCIATES, LTD.
 3100 Monticello, Suite 200
 Dallas, TX 75205
 Attn: Chris Clinton

With a Copy To CAL PLAZA HOLDINGS ASSOCIATES, LTD.
 C/o Tarragon Corporation
 1775 Broadway 23rd Floor
 New York, NY 10019
 Attn: William S. Friedman

To Tenant: NASSAU COUNTY BOARD OF COUNTY
 COMMISSIONERS
~~3163 Bailey Road~~ 96160 Nassau Place
~~Fernandina Beach, FL~~ Yulee, FL 32097
 Attn: Chairman

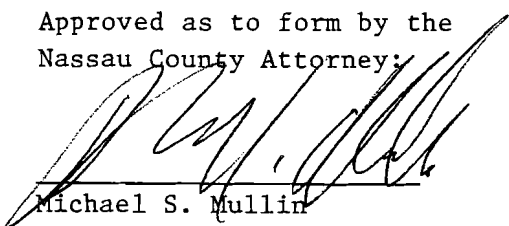
14. Attorneys' Fees. If any lawsuit or arbitration arising out of or relating to this Agreement commences, the prevailing party is entitled to recover from each other party, in addition to costs and expenses otherwise allowed by law, such sums as the court or arbitrator may adjudge to be reasonable attorneys' fees in the action or arbitration, including the reasonable value of services rendered by in-house counsel.


15. Miscellaneous Provisions. This Agreement inures to the benefit of and binds the parties and their respective successors and assigns. The laws of the state where the Premises are located, without regard to the choice of law rules of that State, will govern the interpretation and enforcement of this Agreement. As used in this Agreement, the word "include(s)" means "include(s), without limitation," and the word "including" means "including, without limitation."

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

TENANT: NASSAU COUNTY BOARD OF COUNTY
 COMMISSIONERS,
 a Political Subdivision of the State of Florida

Approved as to form by the
 Nassau County Attorney:


 Michael S. Mullin

By: 
 Name: Thomas D. Branan Jr.
 Title: Chairman

STATE OF FLORIDA

COUNTY OF NASSAU

The foregoing instrument was acknowledged before me this 28th day of February, 2006, by Thomas D. Branan, Jr. as Chairman of The BOCC, a _____, on behalf of the _____. She is personally known to me or [] has produced _____ as identification.

L. M. Gamble

Notary Public

Print Name: Lori M. Gamble

My Commission Expires:



LORI M. GAMBLE
Notary Public, State of Florida
My Comm. expires Aug. 18, 2009
Comm. No. DD 462777

BORROWER:

CAL PLAZA HOLDINGS ASSOCIATES, LTD., a Florida limited partnership

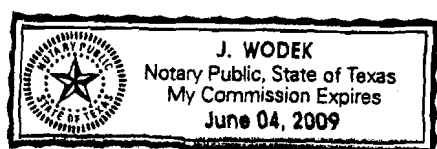
By: Cal Plaza GP, Inc., a Florida corporation, its general partner

By: Kathryn Mansfield
Name: Kathryn Mansfield
Title: Vice President & Secretary

STATE OF TEXAS

COUNTY OF DALLAS

The foregoing instrument was acknowledged before me this 1st day of MARCH, 2006, by KATHRYN MANSFIELD as VP & SECRETARY of Cal Plaza GP, Inc., a Florida Corp., on behalf of the Borrower. She is personally known to me or [] has produced _____ as identification.



J. Wodek
Notary Public
Print Name: J. Wodek
My Commission Expires: 6/4/09

LENDER:

NATIONAL CITY BANK

By: Robin A. Carr

Name: **Robin A. Carr**

Title: Senior Vice President

STATE OF FLORIDA

COUNTY OF Orange

The foregoing instrument was acknowledged before me this 21st day of March, 2006, by Robin A. Carr, as SVP of NATIONAL CITY BANK, a national bank, on behalf of the bank. She is personally known to me or has produced as identification.

Jennifer Turchi

Notary Public

Print Name: Jennifer Turchi

My Commission Expires:



**SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT**

This Subordination, Non-Disturbance and Attornment Agreement (this "Agreement") is as of the ____ day of _____, 2003, between Column Financial, Inc. ("Lender") and Nassau County Board of Commissioners, d.b.a./Public Library ("Tenant").

RECITALS

- A. Tenant is the tenant under a certain lease (the "Lease"), dated as of February 12, 1998 with CalPlaza Holdings Associates, Ltd. ("Landlord"), of premises described in the Lease (the "Premises") as more particularly described in Exhibit A hereto.
- B. This Agreement is being entered into in connection with a certain loan (the "Loan") which Lender has made to Landlord, and secured, in part, by a Mortgage, Assignment of Leases and Rents and Security Agreement on the Premises (the "Mortgage") dated as of _____, 200__ and an Assignment of Leases and Rents dated as of _____, 200__ (the "Assignment"; the Mortgage, the Assignment and the other documents executed and delivered in connection with the Loan are hereinafter collectively referred to as the "Loan Documents").

AGREEMENT

For mutual consideration, including the mutual covenants and agreements set forth below, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Tenant agrees that the Lease and all terms and conditions contained therein and all rights, options, liens and charges created thereby is and shall be subject and subordinate in all respects to the Loan Documents and to all present or future advances under the obligations secured thereby and all renewals, amendments, modifications, consolidations, replacements and extensions of secured obligations and the Loan Documents, to the full extent of all amounts secured by the Loan Documents from time to time.
2. Lender agrees that, if Lender exercises any of its rights under the Loan Documents such that it becomes the owner of the Premises, including but not limited to an entry by Lender pursuant to the Mortgage, a foreclosure of the Mortgage, a power of sale under the Mortgage or otherwise: (a) the Lease shall continue in full force and effect as a direct lease between Lender and Tenant, and subject to all the terms, covenants and conditions of the Lease, and (b) Lender shall not disturb Tenant's right of quiet possession of the Premises under the terms of the Lease so long as Tenant is not in default beyond any applicable grace period of any term, covenant or condition of the Lease.

3. Tenant agrees that, in the event of a exercise of the power of sale or foreclosure of the Mortgage by Lender or the acceptance of a deed in lieu of foreclosure by Lender or any other succession of Lender to ownership of the Premises, Tenant will attorn and recognize Lender as its landlord under the Lease for the remainder of the term of the Lease (including all extension periods which have been or are hereafter exercised) upon the same terms and conditions as are set forth in the Lease, and Tenant hereby agrees to pay and perform all of the obligations of Tenant pursuant to the Lease.
4. Tenant agrees that, in the event Lender succeeds to the interest of Landlord under the Lease, Lender shall not be:
 - (a) liable in any way for any act, omission, neglect or default of any prior Landlord (including, without limitation, the then defaulting Landlord), or
 - (b) subject to any claim, defense, counterclaim or offsets which Tenant may have against any prior Landlord (including, without limitation, the then defaulting Landlord), or
 - (c) bound by any payment of rent or additional rent which Tenant might have paid for more than one month in advance of the due date under the Lease to any prior Landlord (including, without limitation, the then defaulting Landlord), or
 - (d) bound by any obligation to make any payment to Tenant which was required to be made prior to the time Lender succeeded to any prior Landlord's interest, or
 - (e) accountable for any monies deposited with any prior Landlord (including security deposits), except to the extent such monies are actually received by Lender, or
 - (f) bound by any amendment or modification of the Lease made without the written consent of Lender.

Nothing contained herein shall prevent Lender from naming Tenant in any foreclosure or other action or proceeding initiated in order for Lender to avail itself of and complete any such foreclosure or other remedy.

5. Tenant hereby agrees to give to Lender copies of all notices of Landlord default(s) under the Lease in the same manner as, and whenever, Tenant shall give any such notice of default to Landlord and no such notice of default shall be deemed given to Landlord unless and until a copy of such notice shall have been so delivered to Lender. Lender shall have the right but no obligation to remedy any landlord default under the Lease, or to cause any default of Landlord under the Lease to be remedied, and for such purpose Tenant hereby grants Lender, in addition the period given to Landlord for remedying defaults, an additional 30 days to remedy, or cause to be remedied, any such default. Tenant shall accept performance by Lender of any term, covenant, condition or agreement to be performed by Landlord under the Lease with the same force and effect as though performed by Landlord. No Landlord default under the Lease shall exist or shall be deemed to exist (i) as long as Lender, in good faith, shall have commenced to cure such default within the above reference time period and shall be prosecuting the same to completion with reasonable diligence,

subject to force majeure, or (ii) if possession of the Premises is required in order to cure such default, or if such default is not susceptible of being cured by Lender, as long as Lender, in good faith, shall have notified Tenant that Lender intends to institute proceedings under the Loan Documents, and, thereafter, as long as such proceedings shall have been instituted and shall be prosecuted with reasonable diligence. In the event of the termination of the Lease by reason of any default thereunder by Landlord, upon Lender's written request, given within thirty (30) days after any such termination, Tenant, within fifteen (15) days after receipt of such request, shall execute and deliver to Lender or its designee or nominee a new lease of the Premises for the remainder of the term of the Lease upon all of the terms, covenants and conditions of the Lease. Neither Lender nor its designee or nominee shall become liable under the Lease unless and until Lender or its designee or nominee becomes, and then only with respect to periods in which Lender or its designee or nominee remains, the owner of the Premises. In no event shall Lender have any personal liability as successor to Landlord and Tenant shall look only to the estate and property of Lender in the Premises for the satisfaction of Tenant's remedies for the collection of a judgment (or other judicial process) requiring the payment of money in the event of any default by Lender as Landlord under the Lease, and no other property or assets of Lender shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to the Lease. Lender shall have the right, without Tenant's consent, to foreclose the Mortgage or to accept a deed in lieu of foreclosure of the Mortgage or to exercise any other remedies under the Loan Documents.

6. Tenant has no knowledge of any prior assignment or pledge of the rents accruing under the Lease by Landlord. Tenant hereby acknowledges the making of the Assignment from Landlord to Lender in connection with the Loan. Tenant acknowledges that the interest of the Landlord under the Lease is to be assigned to Lender solely as security for the purposes specified in the Assignment, and Lender shall have no duty, liability or obligation whatsoever under the Lease or any extension or renewal thereof, either by virtue of the Assignment or by any subsequent receipt or collection of rents thereunder, unless Lender shall specifically undertake such liability in writing.
7. If Tenant is a corporation, each individual executing this Agreement on behalf of said corporation represents and warrants that s/he is duly authorized to execute and deliver this Agreement on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the by-laws of said corporation, and that this Agreement is binding upon said corporation in accordance with its terms. If Landlord is a partnership or limited liability company, each individual executing this Agreement on behalf of said partnership or limited liability company represents and warrants the s/he is duly authorized to execute and deliver this Agreement on behalf of said partnership or limited liability company in accordance with the partnership agreement for the partnership or operating agreement for the limited liability company.
8. Any notice, election, communication, request or other document or demand required or permitted under this Agreement shall be in writing and shall be deemed delivered on the earlier to occur of (a) receipt or (b) the date of delivery, refusal or nondelivery indicated on the return receipt, if deposited in a United States Postal Service Depository, postage prepaid, sent certified or registered mail, return receipt requested, or if

sent via recognized commercial courier service providing for a receipt, addressed to Tenant or Lender, as the case may be at the following addresses:

If to Tenant Nassau County Board of Commissioners
 d.b.a./Public Library
 3163 Bailey Road
 Fernandina Beach, Florida

with a copy to: _____

If to Lender: Column Financial, Inc.
 Eleven Madison Avenue
 9th Floor
 New York, New York 10010-3629
 Attention: Edmund Taylor
 Telecopier: (212) 325-8106
 Re: Callahan Plaza, Callahan, FL

with copies to: Credit Suisse First Boston Mortgage Capital LLC
 Legal & Compliance Department
 One Madison Avenue
 New York, New York 10010
 Attention: Pamela L. McCormack, Esq.
 Vice President and Counsel
 Telecopier: (917) 326-7805
 Re: Callahan Plaza, Callahan, FL

9. The term "Lender" as used herein includes any successor or assign of the named Lender herein, including without limitation, any co-lender at the time of making the Loan, any purchaser at a foreclosure sale and any transferee pursuant to a deed in lieu of foreclosure, and their successors and assigns, and the term "Tenant" as used herein includes any successor and assign of the named Tenant herein.

10. If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to be enforceable, or if such modification is not practicable such provision shall be deemed deleted from this Agreement, and the other provisions of this Agreement shall remain in full force and effect.

11. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing


executed by the party against which enforcement of the termination, amendment, supplement, waiver or modification is sought.

12. This Agreement shall be construed in accordance with the laws of the State where the Premises is located.

Witness the execution hereof as of the date first above written.

ATTEST:

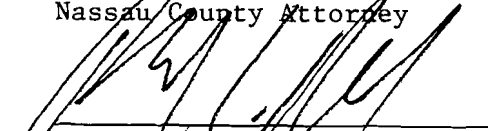
COLUMN FINANCIAL, INC.



J. M. "Chip" Oxley, Jr.
Ex-Officio Clerk

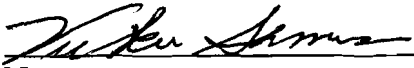
By: _____
Name: _____
Title: _____

Approved as to Form by the
Nassau County Attorney



Michael S. Mullin

NASSAU COUNTY BOARD OF
COMMISSIONERS, DBA/PUBLIC
LIBRARY

By: 

Name: Vickie Samus
Title: Chairman, Board of County Commissioners

**Sign
HERE**

The undersigned Landlord hereby consents to the foregoing Agreement and confirms the facts stated in the foregoing Agreement.

CALPLAZA HOLDINGS ASSOCIATES, LTD

By: _____
Name: _____
Title: _____

[TENANT]

STATE OF _____)
COUNTY OF _____)

Before me a Notary Public in and for the State of _____, on this day personally appeared _____, as the _____ of _____ a _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed said instrument as the act and deed of such _____, for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this ____ day of _____, 2003.

[SEAL]

NOTARY PUBLIC in and for the State of _____
Name (print): _____
My Commission expires: _____

[LENDER]

STATE OF _____)
) SS:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2003, by _____ as _____ of COLUMN FINANCIAL, INC., known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed said instrument as the act and deed of such banking corporation, for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this ____ day of _____, 2003.

[SEAL]

NOTARY PUBLIC in and for the State of _____
Name (print): _____
My Commission expires: _____

Landlord's Consent

Landlord consents and agrees to the foregoing Agreement, which was entered into at Landlord's request. The foregoing Agreement shall not alter, waive, or diminish any of Landlord's obligations under the Security Documents or the Lease.

Landlord:

CalPlaza Holding Associates, Ltd.,
a Florida Limited Partnership

By: Tarragon Capital Corporation
Its: General Partner

By: _____
Name: _____
Title: _____

Date of execution: _____

STATE OF _____)
COUNTY OF _____)

Before me a Notary Public in and for the State of _____, on this day personally appeared _____, as the _____ of Tarragon Capital Corporation, a Texas Corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed said instrument as the act and deed of such _____ corporation, for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this ____ day of _____, 2003.

[SEAL]

NOTARY PUBLIC in and for the State of _____
Name (print): _____
My Commission expires: _____

EXHIBIT A

Legal Description

PARCEL 1

That certain place, parcel or tract of land, situate, lying and being a part of the Northwest 1/4 and a part of Government Lot 2, all in Section 29, Township 2 North, Range 25 East, Nassau County, Florida, and being more particularly described as follows: Commencing at the centerline intersection of U. S. Highway No. 1 and State Road No. 200 (a 66-foot right of way as now established by the State Road Department); thence North 39° 10' 00" East along said centerline of State Road No. 200, 1330.45 feet to the P.C. of a curve to the left in said centerline, said curve having a radius of 57,295.70 feet; thence continuing along said centerline of State Road No. 200 and around and along said curve, North 38° 45' 01" East, 032.73 feet (chord bearing and distance) to its intersection with a westerly prolongation of the southerly right of way line of Stratton Road, 38.74 feet to its intersection with the southeasterly right of way line of said State Road No. 200, being a curve and having a radius of 57,320.70 feet; thence continuing South 02° 46' 00" East along the southerly right of way line of Stratton Road, 204.60 feet for a point of beginning; thence continuing along said southerly right of way line of Stratton Road, 534.18 feet; thence South 30° 36' 43" West, 816.16 feet; thence North 51° 15' 22" West, 25.00 feet; thence North 30° 36' 43" East, 25.00 feet; thence North 51° 15' 22" West, 35.00 feet; thence North 30° 36' 43" East, 105.50 feet; thence North 51° 15' 22" West, 394.90 feet; thence North 30° 23' 49" East, 326.46 feet to the point of beginning.

The above described land is subject to a mortgage to Life Investors Insurance Company of America, dated June 27, 1972, and recorded on June 30, 1972, in Official Records Volume 127, page 265, public records of Nassau County, Florida, securing an original indebtedness of \$460,000, which mortgage is a permitted encumbrance hereunder.

PARCEL 2

That certain place, parcel or tract of land, situate, lying and being a part of the Northwest 1/4 and a part of Government Lot 2, all in Section 29, Township 2 North, Range 25 East, Nassau County, Florida, and being more particularly described as follows: Commencing at the centerline intersection of U. S. Highway No. 1 and State Road No. 200 (a 66-foot right of way as now established by the State Road Department); thence North 39° 10' 00" East along said centerline of State Road No. 200, 1330.45 feet to the P.C. of a curve to the left in said centerline, said curve having a radius of 57,295.70 feet; thence continuing along said centerline of State Road No. 200 and around and along said curve, North 30° 45' 01" East, 032.73 feet (chord bearing and distance) to its intersection with a westerly prolongation of the southerly right of way line of Stratton Road (an existing paved County maintained road, being a approximate 60-foot right of way); thence South 02° 46' 00" East along said westerly prolongation of said southerly right of way line of Stratton Road, 38.74 feet to its intersection with the southeasterly right of way line of said State Road No. 200, being a curve and having a radius of 57,320.70 feet for a point of beginning; thence continuing South 02° 46' 00" East along the southerly right of way line of Stratton Road, 204.60 feet; thence South 30° 23' 49" West, 326.46 feet; thence South 51° 15' 22" East, 394.90 feet; thence South 30° 36' 43" West, 105.50 feet; thence South 51° 15' 22" East, 35.00 feet; thence South 30° 36' 43" West, 25.00 feet; thence North 51° 15' 22" West, 605.00 feet to said curved southeasterly right of way line of State Road No. 200; thence North 30° 31' 35" East around and along said curved southeasterly right of way line of State Road No. 200, a distance of 430.00 feet (chord bearing and distance) to the point of beginning.

TENANT ESTOPPEL

_____, 2003

Column Financial, Inc.
11 Madison Avenue
9th Floor
New York, New York 10010
Att: Edmund Taylor

Re: Lease between CalPlaza Holdings Associates, Ltd., as Landlord or its assignees ("Landlord"), and Nassau County Board of Commissioners, d.b.a./Public Library, as Tenant ("Tenant"), dated February 12, 1998 for approximately 5,520 square feet of space in Callahan Plaza, 5266 W. State Road 200, Suite 10, Callahan, FL (the "Project") as amended by the following amendments: First Amendment to Lease dated March 25, 2002 (the "Lease").

Ladies and Gentlemen:

Tenant understands that **Column Financial, Inc.** ("Lender") intends to make a loan to CalPlaza Holdings Associates, Ltd. ("Borrower") to be secured by the Project. If Borrower is different from the Landlord referenced above, Borrower has succeeded, or will succeed, to the interest of Landlord under the Lease. Tenant presently leases premises within the Project pursuant to the Lease, and, in connection with the foregoing, Tenant does hereby certify to Borrower and Lender and its successors and assigns as follows:

- (a) The Lease is in full force and effect; there are no amendments or modifications of any kind to the Lease except as referenced above; there are no other promises, agreements, understandings, or commitments between Landlord and Tenant relating to the premises leased under the Lease; and Tenant has not given Landlord any notice of termination thereunder;
- (b) There has not been and is now no subletting of the leased premises, or any part thereof, or assignment by Tenant of the Lease, or any rights therein, to any party;
- (c) A security deposit in the amount of \$2,000.00 has been given by Tenant under the terms of, or with respect to, the Lease;
- (d) No uncured default, event of default, or breach by Landlord exists under the Lease, no facts or circumstances exist that, with the passage of time, will or could constitute a default, event of default, or breach under the Lease. Tenant has made no claim against Landlord alleging Landlord's default under the Lease;
- (e) Tenant is in full and complete possession of its leased premises in the Project and has accepted its leased premises in the Project, including any work of Landlord performed thereon pursuant to the terms and provisions of the Lease, and all common areas of the Project (including, without limitation, parking areas, sidewalks, access ways and landscaping) are in compliance with the Lease and are satisfactory for Tenant's purposes;
- (f) To the best of Tenant's knowledge and belief, there are no rental, lease, or similar commissions payable with respect to the Lease, except as may be expressly set forth therein;

(g) Tenant is obligated to pay rent to Landlord at the rate set forth in the Lease. Tenant is current with respect to, and is paying the full rent and other charges stipulated in the Lease (including, without limitation, common area maintenance charges) with no offsets, deductions, defenses or claims; and Tenant has not prepaid any rent or other amounts to Landlord other than rent and other charges due and payable in the calendar month of this certification;

(h) Tenant is not entitled to any concession or rebate of rent or other charges from time to time due and payable under the Lease, and there are no unpaid or unreimbursed construction allowances or other offsets due Tenant under the Lease;

(i) The current monthly estimated "common area maintenance" charge paid by Tenant under the Lease is \$447.93;

(j) The current monthly estimated charge for taxes paid by Tenant under the Lease is \$264.38;

(k) The current monthly estimated charge for insurance paid by Tenant under the Lease is included in common area maintenance charge;

(l) The monthly base rent under the Lease is \$2,497.80 and has been paid by Tenant through September 30, 2003.

(m) Tenant is open for business and in operation in the Project;

(n) Tenant agrees to provide copies of all notices given Landlord under the Lease to Lender at the following address:

Column Financial, Inc.

11 Madison Avenue

5th Floor

New York, New York 10010

Attn: Edmund Taylor

Name and Location of Property: Callahan Plaza, Callahan, FL

Loan Amount: _____

Column Loan Number: _____

(o) The undersigned representative of Tenant is duly authorized and fully qualified to execute this instrument on behalf of Tenant thereby binding Tenant;

(p) Tenant agrees and acknowledges that the Lease is and shall be subordinate to the mortgage of Lender. Tenant agrees that, in the event Lender becomes the owner of the Premises by foreclosure, conveyance in lieu of foreclosure or otherwise, then Tenant shall attorn to and recognize Lender as the landlord under the Lease for the remainder of the term thereof, and Tenant shall perform and observe its obligations thereunder, subject only to the terms and conditions of the Lease. Tenant further covenants and agrees to execute and deliver upon request of Lender an appropriate agreement of attornment to Lender and any subsequent titleholder of the Premises. So long as tenant is not in default under its lease, the tenant's interests under the lease shall not be disturbed by the Lender or any purchaser at a foreclosure sale.

(q) Tenant acknowledges that the initial term of the Lease commenced on March 1, 1998, and shall expire on February 28, 2005, unless sooner terminated in accordance with the terms of the Lease. Tenant has no option to renew or extend the lease term, except as follows (if none, so state):

None

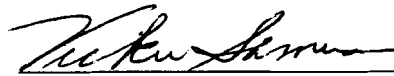
(r) Tenant has no option or right to purchase the property of which the demised premises are a part, or any part thereof.

(s) Tenant understands and acknowledges that you are about to make a loan to Landlord and receive as part of the security for such loan (i) a Mortgage/Deed of Trust encumbering Landlord's fee interest in the Project (of which the demised premises are a portion) and the rents, issues and profits of the Lease (the "Mortgage"), and (ii) an Assignment of Leases and Rents ("Assignment of Leases") which affects the Lease, and that you (and persons or entities to whom the Mortgage and/or Assignment of Leases may subsequently be assigned) are relying upon the representations and warranties contained herein in making such loan. Further, Tenant has notice that the Lease and the rent and all other sums due thereunder have been assigned or are to be assigned to you as security for the aforesaid loan secured by the Mortgage. In the event that you (or any person or entity to whom the Mortgage and/or Assignment of Leases may subsequently be assigned) notify Tenant of a default under the Mortgage or Assignment of Leases and demand that Tenant pay its rent and all other sums due under the Lease to you (or such future lender), Tenant shall honor such demand and pay its rent and all other sums due under the Lease directly to you (or such future lender) or as otherwise required pursuant to such notice. Tenant agrees to notify Lender of any default(s) by Landlord under the Lease; Lender shall have the same right to cure such default(s) as is provided to landlord under the Lease.

Tenant acknowledges and agrees that Landlord and Lender shall be entitled to rely on Tenant's certifications set forth herein. Tenant hereby further agrees for a period of thirty (30) days from the date hereof to notify Landlord and Lender in writing at the address set forth above of any changes in the truth and accuracy of any of the certifications contained herein promptly upon Tenant's learning of each such change. When used herein, the term "Lender" refers to Lender and to any successor-in-interest of Lender under the Mortgage.

IN WITNESS WHEREOF, Tenant has executed this instrument this ____ day of _____, 2003.

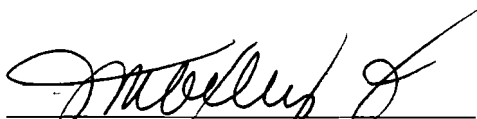
TENANT:
NASSAU COUNTY BOARD OF
COMMISSIONERS, DBA/ PUBLIC LIBR/



Vickie Samus
Chairman

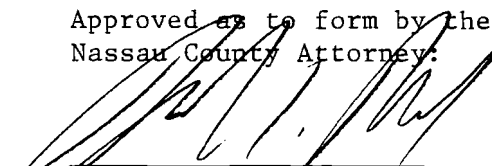
**Sign
HERE**

ATTEST:



J. M. "Chip" Oxley, Jr.
Ex-Officio Clerk

Approved as to form by the
Nassau County Attorney:



Michael S. Mullin

FIRST AMENDMENT TO LEASE

CS-05-30

STATE OF FLORIDA

COUNTY OF DUVAL

THIS FIRST AMENDMENT TO LEASE (the "First Amendment") made and entered into this 25th day of March, 2002, by and between CAL PLAZA HOLDINGS ASSOCIATION, LTD., (hereinafter referred to as "Landlord") and NASSAU COUNTY BOARD OF COMMISSIONERS, dba PUBLIC LIBRARY, (hereinafter referred as "Tenant");

WITNESSETH:

WHEREAS, Landlord and Tenant entered into a Lease Agreement dated February 12, 1998, for certain premises located at Suite 10, 5266 W. State Road 200, Callahan, Florida (hereinafter referred to as "Original Lease").

WHEREAS, Landlord and Tenant desire to further amend the Lease in certain respects to ratify and confirm all of the provisions of the Lease Agreement;

NOW THEREFORE, in consideration of the premises, the sum of TEN DOLLARS (\$10.00) in hand paid by Tenant to Landlord, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. Section 1.5 Commencement Date: The Term of this First Amendment to Lease shall commence on March 1, 2002.
- 2. Section 1.6 Expiration Date: The Expiration Date of the Lease as amended hereby shall be February, 28, 2005
- 3. Section 1.11 Base Rent, Monthly Installments – The Base Rent due under this First Amendment shall be per the following schedule:

<u>Dates</u>	<u>Monthly</u>
03/01/02 – 02/28/03	\$2,378.20
03/01/03 – 02/29/04	\$2,497.80
03/01/04 – 02/28/05	\$2,622.00

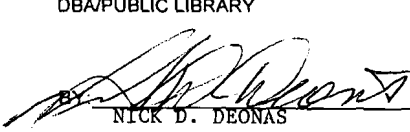
- 4. Except as provided herein, all other terms, conditions and covenants under said Original Lease shall remain in full force and effect and cannot be modified unless said modification is reduced to writing and signed by all parties. Should any inconsistency or conflict arise between the Original Lease and this First Amendment to Lease, this First Amendment shall take precedence as the governing document with respect to such conflict.
- 5. This First Amendment shall be binding upon and inure to the benefit of Landlord, Tenant and their respected transfer, successors and assigns.
- 6. This First Amendment shall be governed in all respects by the laws of the State of Florida.
- ** 7. **ADA parking pursuant to Florida statutory requirements shall continue to be provided by Landlord throughout the term of the Lease Agreement.**

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

LANDLORD:
CAL PLAZA HOLDINGS ASSOCIATION, LTD.

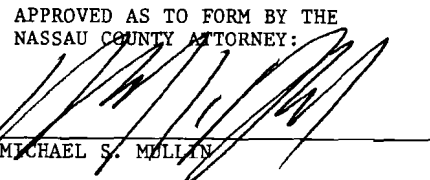
TENANT:
NASSAU COUNTY BOARD OF COMMISSIONERS
DBA/PUBLIC LIBRARY

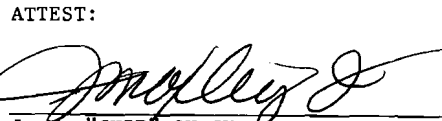
BY: 

BY: 
NICK D. DEONAS

ITS: _____

ITS: CHAIRMAN

APPROVED AS TO FORM BY THE
NASSAU COUNTY ATTORNEY:

MICHAEL S. MELLAN

ATTEST:

J. M. "CHIP" OXLEY, JR.
EX-OFFICIO CLERK

CONTRACT SIGN OFF

PROJECT NAME CALLAHAN LIBRARY PROJECT # _____

VENDOR CAL PLAZA HOLDINGS ASSOC. LTD

ADDRESS C/O WALTER DICKINSON
ONE INDEPENDENT DR., STE 2401
JACKSONVILLE, FL 32202

CONTRACT AMOUNT mtly installments (3 yrs) DATE REC'D 3-11-02

FUNDING SOURCE: General Fund - Library

DATE TO PUBLIC WORKS DIRECTOR N/A REC'D PWD _____

DATE TO P.W. CONTRACT MGR N/A REC'D PWCM _____

DATE TO COUNTY COORDINATOR 3-13-02 REC'D CO COORD 3-18-02

DATE TO COUNTY ATTORNEY 3-13-02 REC'D CO. ATTY 3-18-02

DATE TO CLERK 3-13-02 REC'D CLERK 3-13-02

CONTRACT APPROVAL

PUBLIC WORKS DIRECTOR NA DATE _____

CONTRACT MANAGER NA DATE _____

COUNTY COORDINATOR [Signature] DATE 3-18-02

COUNTY ATTORNEY [Signature] DATE 3-18-02

CLERK [Signature] DATE 3-18-02

APPROVAL BY BOARD OF COUNTY COMMISSIONERS

DATE SENT TO COORDINATOR FOR AGENDA PACKET 3-18-02

BOARD MEETING APPROVAL DATE 3-25-02

COPY DISTRIBUTION:
TO FINANCE DATE _____
TO VENDOR 3-26-02
TO OTHER APPROPRIATE PARTIES _____

PAYMENT & PERFORMANCE BONDS OBTAINED N/A



NASSAU COUNTY
BOARD OF COUNTY COMMISSIONERS
 P.O. Box 1010
 Fernandina Beach, Florida 32035-1010

Jim B. Higginbotham
 Ansley Acree
 Tom Branan
 Floyd L. Vanzant
 Marianne Marshall

Dist. No. 1 Fernandina Beach
 Dist. No. 2 Fernandina Beach
 Dist. No. 3 Yulee
 Dist. No. 4 Hilliard
 Dist. No. 5 Callahan

JOHN A. CRAWFORD
 Ex-Officio Clerk

MICHAEL S. MULLIN
 County Attorney

MIKE MAHANEY
 County Administrator

April 29, 2005

Mr. Chris W. Clinton
 Sr. Vice President
 Asset Manager
 Tarragon Corporation
 3100 Monticello Avenue, Suite 200
 Dallas, TX 75205

*month to month
 March 2005
 MRB*

RE: Callahan Plaza Holdings Association, Ltd.
 Lease Extension for the Callahan Library

Dear Mr. Clinton:

During a regular session of the Nassau County Board of County Commissioners held April 25, 2005, the Board approved to extend the referenced lease agreement on a month-to-month basis at the same terms and conditions, and authorized the County Administrator, Michael Mahaney, to negotiate for a longer renewal term for the library.

I have enclosed a copy of the letter, initialed by the Chairman of the Nassau County Board of County Commissioners, Ansley N. Acree, acknowledging the Board's action.

Whenever I can be of service to you, please let me know.

Sincerely,

John A. Crawford
 Ex-Officio Clerk

Enclosure

xc: Michael Mahaney, County Administrator
 Dawn Bostwick, Director of Library Services
 Finance Department
 Administrative Services Department

(904) 548- 4660, 879-1029, (800) 958- 3496

An Affirmative Action / Equal Opportunity Employer

Via Regular Mail & Electronic Delivery

February 23, 2005

Mr. Mike Mahaney
County Manager
Nassau County Board of County Commissioners
P.O. Box 1010
Fernandina Beach, Florida 32035-1010

Re: Nassau County Library
Callahan, Florida

Dear Mr. Mahaney:

Enclosed is the final report issued by OHC Environmental Engineering ("OHC") regarding the Nassau County Library facility located in Callahan Plaza, Callahan, Florida. While we are pleased to learn that the presence of suspected contaminants is relatively low, we, as Landlord, will complete the following recommended action at our sole cost:

- replace any/all water damaged ceiling tile(s);
- professionally clean any water damaged or stained carpet;
- clean and paint wooden boxes in front window as recommended by OHC; and
- install "high efficiency" pleated filters in HVAC equipment.

Notwithstanding the necessity to complete the work as recommended by OHC, we are sincerely interested in retaining the Library as a tenant in the Shopping Center. As an incentive for you to do so, we propose the following:

1. extend the term of occupancy for thirty (30) days at same rent and other terms so long as County Library and Landlord are in good faith negotiations for longer term extension;
2. renewal term of five (5) years according to same terms and conditions as contained in Lease except for the following:
 - a. base rent to commence at \$5.75 per sq. ft., subject to 3% annual increases;
 - b. Landlord, at Landlord's sole cost and expense, to complete certain improvements to and within the Demised Premises including:
 - augment or replace HVAC to ensure comfortable interior temperatures at all times during the term of occupancy;
 - add ceiling exhaust fan to vent hot air during warm weather seasons;

- thoroughly inspect roof and complete repairs and/or replacements as necessary to ensure that the Demised Premises are water tight, free from moisture penetration;
- replace existing carpet with new building standard carpet or comparably priced alternative flooring as selected by Tenant;
- repaint the entire Demised Premises according to building standard as directed by Tenant;
- upgrade interior lighting with new, brighter energy efficient florescent bulbs (and ballasts); and
- seal all door leaks including installation of all new weather stripping where needed.

The Nassau County Library is a very important commercial tenant at Callahan Center, one that shopping center customers have learned to appreciate and enjoy. We sincerely hope that you will recognize the value of your location and elect to extend the term of occupancy as proposed simply by signing the extra copy of this letter and returning it to me. Upon my receipt, we will forward the amendment memorializing our agreement.

Thank you. We look forward to providing you with elevated property level facility services.

Yours truly,

Chris W. Clinton
Sr. Vice President
Agent for Owner

Enclosure

Yes, the Nassau County Library wishes to extend the Lease by at least one month at same terms and conditions as contained in the Lease and proceed to negotiations for longer term renewal *and*
(initials)

cc: Mr. Michael S. Mullin, Nassau County Attorney
Richard Jackson / Talcor Commercial
David Meyers, Property Manager

FIRST AMENDMENT TO LEASE

STATE OF FLORIDA

COUNTY OF DUVAL

THIS FIRST AMENDMENT TO LEASE (the "First Amendment") made and entered into this 25th day of March, 2002, by and between CAL PLAZA HOLDINGS ASSOCIATION, LTD., (hereinafter referred to as "Landlord") and NASSAU COUNTY BOARD OF COMMISSIONERS, dba PUBLIC LIBRARY, (hereinafter referred as "Tenant");

WITNESSETH:

WHEREAS, Landlord and Tenant entered into a Lease Agreement dated February 12, 1998, for certain premises located at Suite 10, 5266 W. State Road 200, Callahan, Florida (hereinafter referred to as "Original Lease").

WHEREAS, Landlord and Tenant desire to further amend the Lease in certain respects to rally and confirm all of the provisions of the Lease Agreement;

NOW THEREFORE, in consideration of the premises, the sum of TEN DOLLARS (\$10.00) in hand paid by Tenant to Landlord, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. Section 1.5 Commencement Date: The Term of this First Amendment to Lease shall commence on March 1, 2002.
- 2. Section 1.6 Expiration Date: The Expiration Date of the Lease as amended hereby shall be February, 28, 2005
- 3. Section 1.11 Base Rent, Monthly Installments – The Base Rent due under this First Amendment shall be per the following schedule:


<u>Dates</u>	<u>Monthly</u>
03/01/02 – 02/28/03	\$2,378.20
03/01/03 – 02/29/04	\$2,497.80
03/01/04 – 02/28/05	\$2,622.00

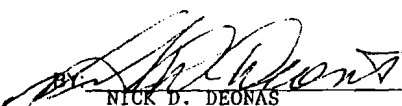
- 4. Except as provided herein, all other terms, conditions and covenants under said Original Lease shall remain in full force and effect and cannot be modified unless said modification is reduced to writing and signed by all parties. Should any inconsistency or conflict arise between the Original Lease and this First Amendment to Lease, this First Amendment shall take precedence as the governing document with respect to such conflict.
- 5. This First Amendment shall be binding upon and inure to the benefit of Landlord, Tenant and their respected transfer, successors and assigns.
- 6. This First Amendment shall be governed in all respects by the laws of the State of Florida.
- ** 7. ADA parking pursuant to Florida statutory requirements shall continue to be provided by Landlord throughout the term of the Lease Agreement.

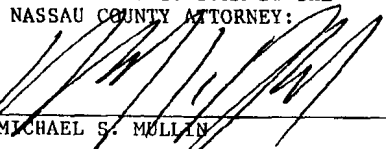
IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.


LANDLORD:
CAL PLAZA HOLDINGS ASSOCIATION, LTD.

TENANT:
NASSAU COUNTY BOARD OF COMMISSIONERS
DBA/PUBLIC LIBRARY

BY: 
ITS: _____

BY: 
NICK D. DEONAS
ITS: CHAIRMAN

APPROVED AS TO FORM BY THE
NASSAU COUNTY ATTORNEY:

MICHAEL S. MOLLIN

ATTEST:

J. M. "CHIP" OXLEY, JR.
EX-OFFICIO CLERK



RETAIL LEASE

CENTER: Callahan Plaza

LANDLORD: Cal Plaza Holdings Association, LTD.

TENANT: Nassau County Board of Commissioners

DBA: Public Library

LEASE AGREEMENT
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LEASE AGREEMENT

THIS LEASE, dated for reference purposes February 12, 1998, is made by and Cal Plaza Holdings Association, LTD., as Landlord, and Nassau County Board of Commissioners, dba Public Library as Tenant.

CERTAIN LEASE PROVISIONS:

The descriptions and amounts set forth below are qualified by their usage elsewhere in this Lease, including those Articles referred to in parenthesis:

1.1 Demised Premises (Article 2. 1): Unit# 10 Center Callahan Plaza
Street Address 324 1st Avenue
City Callahan County Nassau State FL Zip 32011

1.2 Gross Leasable Area of Demised Premises (Article 2. 1): approximately square feet.

1.3 Use Clause (Article 2.3) Public Library

1.4 Lease Term (Article 3. 1) 4 Years, 0 Months.

1.5 Lease Commencement Date (Article 3. 1) March 1 1998.

1.6 Expiration Date (Article 3. 1) February 28 2002.

1.7 Security Deposit (Article 4.) \$ 2,000.00

1.8 Tenant's Addresses (Article 5.1, 28.10):
(A) Notice Address 3163 Bailey Road
Fernandina Beach, Florida
(B) Billing Address Same

1.9 Landlord's Addresses (Article 5.1, 28. 10): c/o Walter Dickinson, Inc.
(A) Notice Address One Independent Drive, Suite 2401
Jacksonville, Florida 32202
(B) Payment Address Same

1.10 Base Rent Commencement Date (Articles 5.1, 5.3) March 1, 1998.
Tenant to receive a Base Rent Abatement for Months 1 and 2 of Lease.

1.11 Base Monthly Installments (Articles 5.1, 5.3)
From 03/01/98 - 02/28/99 Annually \$ 23,460 Monthly \$ 1,955
From 03/01/99 - 02/28/2000 Annually \$ 24,633 Monthly \$ 2,053
From 03/01/2000 - 02/28/01 Annually \$ 25,865 Monthly \$ 2,155
From 03/01/01 - 02/28/02 Annually \$ 27,158 Monthly \$ 2,263
From - Annually \$ Monthly \$

1.12 Percentage Rent (Articles 5.1, 5.4): % of Gross Sales over \$

1.13 Additional Rent (Article 5.1, 5.5):
Estimated Operating Expense Charges \$ 308.20 per Month (Article 5.5)
Estimated Real Estate Tax Charges \$ 239.20 per Month (Article 5.5)
\$ per Month (Article)
\$ per Month (Article)

1.14 Merchants' Association/Marketing Fund (Article 7): Name: N/A
Monthly Dues \$ PSFY \$ Initial Assessment \$

Payment Address

1.15 Brokers (Article 28.7) Walter Dickinson, Inc.

1.16 This Lease consists of 28 Articles on 14 pages, plus Exhibits A, B, C, D, E and One additional pages of Addenda.

2. **PREMISES:**

2.1 **Demised Premises.** Landlord hereby leases to Tenant and Tenant leases from Landlord, for the Term, at the rental and upon all of the conditions set forth herein, that certain real property known by unit number and address specified in Article 1.1 hereof, consisting of the approximate gross leasable area specified in Article 1.2 hereof, and which is referred to herein as the "Demised Premises". The Demised Premises are depicted in Exhibit A attached hereto. The Demised Premises are located in a Shopping Center, which Shopping Center, the real property on which it is situated, walkways, driveways, fences, landscaping, and any parking facilities or structures appurtenant thereto, are hereinafter collectively referred to as the "Shopping Center", and described in Exhibit B attached hereto.

Landlord shall have the right to verify the actual square footage of the Demised Premises from time to time during the term of this Lease. Measurements for determining the gross leasable area of said Demised Premises shall be taken from the outside face of all walls not shared with another tenant, and from the center line of all demising walls which are shared with other tenants. Landlord shall have the right, during the term of this Lease, to adjust the gross leasable area of the Demised Premises to reflect the actual area as determined by such method of measurement; however, the adjustment shall not exceed ten percent (10%) of the approximate square footage of the Demised Premises specified in Article 1.2 hereof.

2.2 **Proportionate Share.** Tenant's share of the total gross leasable area of the Shopping Center shall be the percentage equal to a fraction, the numerator of which shall be the gross leasable area of the Demised Premises and the denominator of which shall be the total gross leasable area of the Shopping Center. Said percentage shall hereinafter be referred to as Tenant's "Proportionate Share". Tenant's Proportionate Share may be adjusted from time to time as the gross leasable area of the Demised Premises or of the Shopping Center changes, for whatever reason.

2.3 **Use Clause.** Tenant is permitted to use the Demised Premises for the purposes specified in Article 1.3 hereof, and for no other purpose whatsoever. Tenant shall obtain, at its own expense, all necessary governmental licenses and permits for such use. Tenant shall not conduct any second hand, auction, distress, fire, bankruptcy or going-out-of-business sales.

2.4 **Common Area.** As long as the Lease remains in effect and Tenant is not in default hereunder, Tenant shall have the non-exclusive right, in common with the Landlord, other tenants, subtenants, employees and invitees, to use the common areas of the Shopping Center, which include, but are not limited to: walkways, patios, landscaped areas and parks, sidewalks, service corridors, recreational facilities, restrooms, stairways, elevators, plazas, malls, thoroughways, parking areas and roadways; provided that Landlord shall have the right at any time to exclude therefrom such areas as Landlord may determine so long as access to the Demised Premises is not unreasonably denied.

3. **LEASE TERM:**

3.1 **Term.** The Term of this Lease shall be as defined in Article 1.4 hereof, commencing on the Lease Commencement Date specified in Article 1.5 hereof, and ending on the Lease Expiration Date specified in Article 1.6 hereof, unless sooner terminated pursuant to any provision of this Lease.

3.2 **Change in Lease Commencement Date.** If for any reason Landlord cannot deliver possession of the Demised Premises to Tenant on said Lease Commencement Date, Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of the Tenant hereunder. However, in such case Tenant shall not be obligated under any provisions of this Lease until possession of the Demised Premises is tendered to Tenant, which date shall be the new Lease Commencement Date, and the Lease Expiration Date shall remain unchanged. In the event that Landlord shall permit Tenant to occupy Demised Premises prior to said Lease Commencement Date, such occupancy shall be subject to all of the provisions of this Lease. Said early possession shall not advance the Lease Expiration Date.

Upon Landlord's request, the parties agree to execute in writing an Addendum to certify commencement date and expiration date hereof, but this Lease shall not be affected in any manner if either party fails or refuses to execute such Addendum.

4. **SECURITY DEPOSIT:**

Tenant shall deposit with Landlord upon execution of this Lease the amount specified in Article 1.7 hereof to be held by Landlord as security for Tenant's faithful performance of Tenant's duties and obligations hereunder. Tenant shall not be entitled to interest on such deposit. If Tenant fails to pay rent or other charges due hereunder, or otherwise defaults with respect to the provisions of this Lease, Landlord may, without notice to Tenant, apply or retain all or any portion of said deposit for the payment of rent or other charges in default or for the payment of any sum to which Landlord may become obligated by reason of Tenant's default or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of said deposit, Tenant shall within five (5) days after written demand therefor deposit cash with Landlord in an amount sufficient to restore said deposit to the full amount heretofore stated. The deposit shall be returned to Tenant within sixty (60) days following the expiration of the Term hereof, provided Tenant has fully performed all of its duties and obligations hereunder. If Tenant shall default under this Lease more than two (2) times in any twelve (12) month period, irrespective of whether or not such default is cured, then the security deposit shall, within ten (10) days after demand by Landlord, be increased by Tenant to an amount equal to the greater of: (i) three (3) times the amount specified in Article 1.7; (ii) three (3) months' fixed rent; or (iii) as may be otherwise required by Landlord.

Tenant's Initials _____
Landlord's Initials _____

5. RENTS:

5.1 **Payment.** All rents shall be payable in advance, without prior demand or any right of offset or deduction, in monthly installments on the first day of each calendar month of the Term hereof. Tenant shall pay all rents to Landlord in lawful money of the United States of America at the address stated in Article 1.9(B) or to such other persons or at such other places as Landlord may designate in writing.

If the Lease Commencement Date occurs on a day other than the first day of a calendar month, then all rents except Base Rent shall be prorated for the balance of that month based upon the actual number of days the Lease is in effect during said calendar month. The term "Lease Year", as hereinafter used, refers to each successive twelve-month period beginning with the Lease Commencement Date, as it may be adjusted pursuant to Article 3.2 hereof. Notwithstanding anything to the contrary contained herein, after Lease expiration Landlord shall have the right to reconcile all rents, billed, paid and/or owed by Tenant during the Term hereof and thereafter submit a final billing to Tenant. Upon receipt thereof, Tenant shall submit payment in full to Landlord within thirty (30) days.

5.2 **Late Fees.** Should Tenant fail to pay when due any installment of rent or any other sum payable to Landlord under the terms of this Lease, Landlord may assess interest at the highest legal rate from and after the date on which any such sum shall be due and payable, and such interest, and/or a Late Fee of \$50.00, which shall be paid by Tenant to Landlord at the time of payment of the delinquent sum; provided, however, nothing charged hereby shall ever exceed the amount that may properly be charged or recovered under the laws of the state in which the Demised Premises are located.

5.3 **Base Rent.** Payment of Base Rent shall begin on the Base Rent Commencement Date specified in Article 1.10. If the Base Rent Commencement Date occurs on a day other than the first day of a calendar month, then Base Rent shall be prorated for the balance of that month based upon the actual number of days from the Base Rent Commencement Date through the last day of said calendar month. The amount of each monthly installment of Base Rent for the Demised Premises for the entire term of this Lease shall be as specified in Article 1.11, subject to adjustment pursuant to the following paragraph.

The Base Rent shall be adjusted each January 1 during the term of this Lease by the greater of six (6%) percent or by the Percentage Increase in the "Consumer Price Index for All Urban Consumers (CPI-U), U. S. City Average-All Items (1982-1984=100)", published by the Bureau of Labor Statistics of the United States Department of Labor. If the Index shall cease to be published, there shall be substituted therefor a price index (or combination of indices, with such adjustments as may be required to afford compatibility), published by the Bureau of Labor Statistics or its successor government agency, which is intended to be representative of substantially similar changes in the cost of living. "Percentage Increase" shall mean the percentage equal to a fraction, the numerator of which shall be the change in the Index from the third month preceding the Lease Commencement date to the third month preceding the current anniversary of the Lease Commencement Date. The fraction's denominator shall be the Index for the third month preceding the Lease Commencement Date.

The Base Rent in Article 1.11 will not be reduced.

Landlord's delay or the failure of Landlord, beyond January of any year, in computing or billing for these adjustments will not impair the continuing obligation of Tenant to pay rent adjustments.

Tenant's obligation to pay Base Rent as adjusted by this Section 5.3 will continue up to the expiration of this Lease and will survive any earlier termination of this Lease.

5.4 **Percentage Rent.** Tenant shall pay Landlord as Percentage Rent the percentage of Gross Sales (as hereinafter defined) stated in Article 1.12. Gross Sales shall be reported by Tenant no later than the tenth (10th) day after the end of each month, and a statement thereof submitted to Landlord showing the Gross Sales for the Demised Premises during the preceding month and for the Lease Year to date. At such time during any Lease Year as Tenant's Gross Sales exceed the amount stated in Article 1.12 hereof, Tenant shall pay Landlord monthly the percent stated in Article 1.12 hereof multiplied by the excess of the year-to-date Gross Sales, less any Percentage Rents paid for the current Lease Year. Percentage Rent payable for any partial Lease Year shall be calculated by pro-rating the breakpoints as necessary to give appropriate weight to sales made in such partial Lease Year.

"Gross Sales", as used in this Lease, shall mean and include (as of the date of the transaction) the sale price of all merchandise sold (including gift and merchandise certificates) and charges for all services and all other receipts from the business performed by Tenant or any other person, firm or corporation selling merchandise or services in, upon or from any part of the Demised Premises, whether for cash or credit, and shall include gross sales from vending machines (except telephone and postage stamp), all orders by means of mail, telephone, electronic, video, computer or other technology-based system, whether existing now or developed in the future, and all other such orders received or filled at the Demised Premises, all deposits not refunded to purchasers and orders taken at the Demised Premises although such orders may be filled elsewhere.

Not included in "Gross Sales" are the following: (a) refunds and trade-in allowances to customers; (b) the amount of all sales, use, excise, retailer's occupation or similar taxes imposed in a specific amount, or percentage of, or determined by, the amount of retail sales made upon the Demised Premises; (c) returns to shippers and manufacturers; (d) the amount of sales not in the ordinary course of Tenant's business of fixtures, machinery or equipment which Tenant has the right to remove from the Demised Premises after use in the conduct of Tenant's business in the Demised Premises; (e) the value of any exchange or transfer of merchandise between stores of Tenant where such exchange or transfer is made solely for the convenient operation of Tenant's business and not for the purpose of consummating a sale made in, at or from the Demised Premises; (f) lottery tickets. No deduction shall be allowed for uncollected or uncollectible credit accounts, or charges for bank or other credit cards.

Tenant's Initials _____
Landlord's Initials _____

Tenant shall keep and maintain in a manner consistent with good accounting practice, accurate and complete records of its Gross Sales for each Lease Year for three (3) years thereafter. Within sixty (60) days of the end of each Lease Year, Tenant shall submit to Landlord a statement of total Gross Sales made during the previous Lease Year, said statement to be certified to be accurate by a Certified Public Accountant, and to be signed by Tenant. Landlord shall have the right as it deems necessary to audit all books and records relating to said statement at any time. If any audit reveals that Gross Sales for any Lease Year have been under-reported by more than two percent (2%), Tenant shall pay any Percentage Rent found to be due, the cost of the audit, and interest on the unpaid Percentage Rent from the date due at the highest rate allowed by law.

5.5 **Additional Rent.** Additional Rent, which is subject to periodic adjustment, shall be payable on and after the Lease Commencement Date in the amounts shown in Article 1.13 hereof. Both Tenant and Landlord expressly understand that all other sums excepting Base Rent which may become due from time to time under this Lease shall be deemed Additional Rent. Additional Rent shall include, but not be limited to: late charges, interest, operating expenses, real estate taxes, attorneys' fees, security deposits and any cash bond which may be required to be posted hereunder.

"Operating Expense Charge", as used herein, shall mean Tenant's Proportionate Share of the Shopping Center's operating expenses. Operating expenses are defined as the amounts paid or payable in connection with the management, maintenance, repair and operation of the Shopping Center. Operating expenses shall include but not be limited to: landscaping; sprinklers; security; repaving and re-striping parking lots; cost of public utilities; liability and property damage insurance; roof and other repairs; lighting; maintenance; removal of snow, trash, rubbish, garbage and other refuse; machinery and equipment used in maintenance; costs of personnel to implement services, direct parking, and police Shopping Center; and fifteen percent (15%) of all the foregoing costs for Landlord's administrative and overhead costs. On an annual or other basis, Landlord shall mail to Tenant a statement of operating expenses and a calculation of Tenant's Proportionate Share thereof. Tenant shall pay Landlord for Tenant's Proportionate Share, less any payment of Estimated Operating Expense Charges for the fiscal period to which such expenses apply, within ten (10) days after receipt thereof. Tenant's obligations shall be prorated to account for any fractional portion of a fiscal period included in the term of its Lease. Tenant shall also pay to Landlord, on the first day of each calendar month, commencing on the Lease Commencement Date and continuing throughout the term of the Lease, the Estimated Operating Expense Charges stated in Article 1.13, as they may be adjusted from time to time.

"Real Estate Tax Charge", as used herein shall mean Tenant's Proportionate Share of general and special taxes, assessments, duties and levies charged and levied upon or assessed against the Shopping Center and/or any improvement situated on the real property on which the Shopping Center stands, any leasehold improvement, and all costs and fees incurred by Landlord in contesting or negotiating with the public authorities as to same. Upon receipt of the tax bill(s), Landlord shall mail to Tenant a statement of taxes and Landlord's calculation of Tenant's Proportionate Share thereof. Tenant shall pay Landlord for Tenant's Proportionate Share, less any payments of Estimated Real Estate Tax Charges for the fiscal year to which such taxes apply, within ten (10) days after receipt thereof. Tenant's obligations shall be prorated to account for any fractional portion of a tax fiscal year included in the term of its Lease. Tenant shall also pay to Landlord, on the first day of each calendar month, commencing on the Lease Commencement Date and continuing throughout the term of the Lease, the Estimated Real Estate Tax Charges stated in Article 1.13, as they may be adjusted from time to time.

In the event of the enactment, adoption or enforcement by any governmental authority of any assessment, levy or tax, whether sales, use or otherwise, on or in respect of the rentals and charges set forth herein, or on or in respect of the right to lease or occupy the Shopping Center, the Demised Premises or both, Tenant shall pay such assessment, levy or tax to Landlord, or at Landlord's option, Tenant shall pay such assessment, levy or tax directly to the governmental authority. If such assessment, levy or tax is imposed on or in respect of all of the rentals derived from the Shopping Center, or is imposed on or in respect of the Shopping Center as a whole, Tenant shall pay to Landlord its Proportionate Share of such assessment, levy or tax. Notwithstanding the foregoing, this shall not impose upon Tenant the obligation to reimburse Landlord for any income, gift, inheritance or estate tax as such taxes are now structured.

5.6 **Additional Taxes.** If Landlord is assessed additional taxes or if its present taxes are increased as a result of any value placed on Tenant's leasehold, fixtures or furnishings, or goods and services, then immediately upon demand Tenant shall pay to Landlord the amount of said additional tax, or the amount of the increase. If it is not lawful for Tenant to reimburse Landlord, the rent payable to Landlord under this Lease will be revised to yield to Landlord the same net rental after the imposition of any such tax upon Landlord as would have been payable to Landlord prior to the imposition of any such tax. Tenant will pay promptly when due all sales, merchandise or personal property taxes on Tenant's personal property in the Demised Premises and any other taxes payable by Tenant, the non-payment of which might give rise to a lien on the Premises or the Tenant's interest in the Premises.

6. UTILITIES:

Tenant shall make application for, obtain, pay for and be solely responsible for all utilities required, used or consumed in the Demised Premises, including, but not limited to, gas, water, (including water for domestic uses and for fire protection), telephone, electricity, sewer service, garbage collection services, HVAC maintenance services, or any similar service. In the event that any charge for any utility supplied to the Demised Premises is not paid by Tenant to supplier when due, then Landlord may, but shall not be required to, pay such charge for and on behalf of Tenant, with any such amount paid by Landlord being repaid by Tenant to Landlord as Additional Rent promptly upon demand. Additionally, if Landlord shall elect to supply any utilities to the Demised Premises, then Tenant shall pay to Landlord the cost of its utility consumption and the cost of supplying separate metering devices if necessary. Landlord agrees that the cost to Tenant of any utilities supplied by Landlord shall not exceed the amount Tenant would have paid if it independently obtained such service from the local utility supplier. Landlord and Tenant hereby agree that Landlord shall not be liable for any interruptions or curtailment in utility services due to causes beyond its control or due to Landlord's alteration, repair or improvement of the Demised Premises or the Shopping Center.

Tenant's Initials _____
Landlord's Initials _____

Notwithstanding the foregoing, Landlord shall have the right at any time and from time to time to either contract for service from an alternate utility provider, if permitted by law, or continue to contract for service from the utilities company providing such services as of the date of this lease. Tenant shall cooperate with Landlord and the utility company of Landlord's choice as reasonably necessary and provide access to electric lines, feeders, risers, wiring, and any other machinery within the Premises. Landlord shall in no way be liable or responsible for any loss, damage or expenses that Tenant may sustain or incur by reason of any change, failure, interference, disruption or defect in the supply or character of the electric energy furnished to the Premises.

7. MERCHANTS' ASSOCIATION/MARKETING FUND:

7.1 Membership. Tenant will become a member of, participate fully in, and remain in good standing in the existing Merchants' Association or Marketing Fund (hereinafter known as "Association/Fund").

7.2 Formation. If an Association/Fund does not already exist at the Shopping Center, a Marketing Fund (hereinafter known as "Fund") may be formed by Landlord, at its sole discretion. At such time, Tenant will become a member of, participate fully in, and remain in good standing in the Fund.

7.3 Objectives. The objectives of such Association/Fund shall be to encourage its members to deal fairly and courteously with their customers, to sell their merchandise and/or services at fair prices, to follow ethical business practices, to assist the business of all tenants by sales promotions and center-wide advertising and, in particular, to promote and enhance the interests of members of said Association/Fund.

7.4 Dues/Assessments.

(A) Tenant agrees to pay dues to the Association/Fund as specified in Article 1.14 hereof, which shall be payable in advance on the first day of each month during the term of this Lease directly to the Association/Fund at the address specified in Article 1.14, or to such other persons or at such other places as the Association/Fund may designate.

(B) Tenant's annual assessment for any Association/Fund Year (i.e., each successive period of twelve calendar months) shall be pro-rated if the Tenant opens its store for business after the commencement of such Association/Fund Year. From time to time, Tenant's annual assessment is subject to adjustments approved by the majority of the Association/Fund members, thereby increasing said annual assessment to the extent required by the increase in the cost of promotional, public relations and advertising services.

(C) Tenant's monthly contributions to the Association/Fund shall be adjusted annually each January 1st by a percentage equal to the percentage increase in the "Consumer Price Index for All Urban Consumers (CPI-U), U. S. City Average-All Items (1982-1984=100)", published by the Bureau of Labor Statistics of the United States Department of Labor, from the month of December in the second preceding year to the month of December in the immediately preceding year.

(D) Upon the formation and incorporation of the Fund (see Article 7.2 hereof), Tenant agrees to pay an initial assessment, in addition to the aforementioned annual assessment, in the amount of fifty percent (50%) of the first year's assessment in order to defray start-up promotional and advertising expenses to be incurred by the Fund. The entire initial assessment is due upon demand by the Fund.

7.5 Administration. Notwithstanding anything to the contrary contained herein, or in any Articles of Incorporation, Corporate Charter or By-Laws of an existing Merchants' Association, Tenant agrees that Landlord may, at its sole discretion, elect to provide the Association/Fund with any or all of the following:

(A) The services of a marketing manager and all staff deemed necessary by Landlord to effectively carry out the promotional and public relations objectives of the Association/Fund;

(B) Such reasonable space within the Shopping Center as may be necessary to carry out the functions of the marketing manager and said staff; and,

(C) Such office equipment as may be deemed necessary by Landlord to fully service the function of the marketing manager and staff.

7.6 Expansion Assessment. Should Landlord, in its sole discretion, conduct an expansion of the Shopping Center which results in an addition of twenty percent (20%) or more of the gross leasable area of the Shopping Center, Tenant agrees to contribute to the promotional campaign for said expansion an amount equivalent to fifty percent (50%) of its current annual assessment.

7.7 Advertising. Tenant will, at its own expense, incur advertising costs as follows:

(A) Tenant shall advertise a minimum of four (4) times during each Lease Year in special newspaper sections, tabloids or other cooperative efforts pertaining to events sponsored by the Association/Fund. For each time Tenant fails to advertise, Tenant shall pay to Association/Fund an amount equal to the minimum cost offered or assessed for such co-op advertising effort.

(B) Should Landlord elect to provide an advertising vehicle on-site (e.g., electric pylon signs), Tenant shall utilize said advertising vehicle a minimum of one time per month during each Lease Year.

Tenant's Initials _____
Landlord's Initials _____

(C) Additionally, during each Lease Year Tenant shall spend on advertising its business and merchandise in the Demised Premises a sum equal to at least two percent (2%) of Tenant's Gross Sales during that Lease Year (hereinafter known as "Minimum Advertising Budget"). At the time Tenant submits to Landlord its year-end Gross Sales statement in compliance with Article 5.4 hereof, Tenant shall submit to Landlord a statement, certified as to accuracy by a Certified Public Accountant and signed by Tenant, setting forth the amount spent by Tenant for such advertising during the preceding Lease Year. If such statement shall not be furnished to Landlord at the time required, such failure shall be conclusive that: (1) a default has occurred, as this obligation is being accepted within the terms of this Lease, and (2) no part of the Minimum Advertising Budget has been spent by Tenant for the applicable Lease Year. Tenant shall pay to the Association/Fund or to the Landlord within ten (10) days of billing as Additional Rent an amount equal to the Minimum Advertising Budget for that Lease Year. If a statement supplied to Landlord (or audit conducted by Landlord) shows that Tenant spent less than the Minimum Advertising Budget for the applicable Lease Year, Tenant shall pay to the Association/Fund or the Landlord within ten (10) days of billing as Additional Rent an amount equal to that portion of such Minimum Advertising Budget not spent by Tenant.

(D) Tenant further covenants and agrees that at all times during the Lease Term and such other time as Tenant occupies the Demised Premises or any part thereof, it will refer to the Shopping Center by name as set forth in Article 1.1, or as Landlord may from time to time designate, and will use identifying logos of the Shopping Center in designating the location of the Demised Premises in all advertising, stationery or other printed material, and in all other references to location; Tenant also covenants and agrees to include the address and identity of its business activity at the Demised Premises in all advertisements produced by Tenant in which the address and identity or any other business activity of like character conducted by Tenant within the trade area shall be mentioned.

8. ACCEPTANCE:

Tenant acknowledges that it has fully inspected the Demised Premises, including but not limited to any and all mechanical equipment, and hereby accepts such "As Is". Tenant also acknowledges that the Demised Premises are suitable for the purposes for which the same are leased, in their present condition. Tenant further acknowledges that Landlord has made no warranties or representations as to either the condition or the suitability of the Demised Premises in terms of the Use as specified in Article 1.3. This Lease is, and shall be considered to be, the only agreement between the parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this document.

9. ASSIGNMENT OR SUBLETTING:

Tenant shall not voluntarily or by action of law transfer, assign, sublet, mortgage or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Demised Premises without Landlord's prior written consent (which consent shall not be unreasonably withheld), nor shall Tenant suffer or permit the Premises or any part thereof to be used or occupied by others without Landlord's prior written consent. Any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void and shall constitute a breach of the Lease. Regardless of Landlord's consent, no subletting or assignment or other transfer shall release Tenant of Tenant's obligation or alter the primary liability of Tenant to pay the rent and to perform all other obligations to be performed by Tenant hereunder.

As a condition of obtaining Landlord's consent, Tenant shall submit to Landlord with its request the effective date of the transfer (it must be at least sixty days after submission date), the name of the proposed assignee or subtenant, the terms and provisions of the proposed transaction, the proposed use, which must be consistent with the provisions of Article 1.3 hereof, a financial statement, a business history and such other information as is necessary to demonstrate to Landlord that the proposed assignee or subtenant has business experience and financial strength and stability equal to or greater than that of Tenant.

In addition, Tenant shall execute an agreement with Landlord agreeing to pay to Landlord, as Additional Rent, one hundred percent (100%) of all moneys or other consideration received by Tenant from its transferee in excess of the amounts owed by Tenant to Landlord under this Lease, which Additional Rent shall be paid to Landlord as and when received by Tenant. In the event Landlord shall consent to a sublease, assignment or transfer, Tenant shall pay Landlord \$200.00 for administrative fees incurred in connection with such consent.

10. CONDUCT OF BUSINESS:

10.1 **Operation.** Tenant covenants and agrees that, continuously and uninterruptedly from and after its initial opening for business, it will operate and conduct within the Demised Premises the business it is permitted to operate and conduct under the provisions of this Lease, except while the Demised Premises are untenable by reason of fire or other casualty. Tenant agrees to conduct its business at all times in a first class manner consistent with reputable business standards and practices, and that it will at all times keep and maintain within and upon the Demised Premises an adequate stock of merchandise and trade fixtures to service and supply the usual and ordinary demands and requirements of its customers and that it will keep the Demised Premises in a neat, clean and orderly condition. Tenant also agrees to conduct Tenant's business under a trade name satisfactory to and approved by Landlord.

10.2 **Business Hours.** Tenant agrees to keep open the Demised Premises and to operate the business conducted therein at least six days per week, Monday through Saturday, from 10:00 a.m. to 9:00 p.m., and at such additional hours and on such days and evenings (including Sundays) as may be determined from time to time by

Tenant's Initials _____
Landlord's Initials _____

Landlord. A vacation or abandonment of their premises by any other tenant in the Shopping Center shall not in any way release Tenant from its obligations under this Lease.

11. RULES & REGULATIONS:

Tenant agrees to comply with and observe the following rules and regulations, and Tenant's failure to keep and observe them shall constitute a default of this Lease. Landlord reserves the right from time to time to amend or supplement said rules and regulations, and to adopt and promulgate additional rules and regulations applicable to the Demised Premises and the Shopping Center. Notice of such amended or additional rules and regulations shall be given to Tenant, and Tenant agrees thereupon to comply with and observe all rules and regulations and amendments and additions thereto.

11.1 All loading and unloading of goods shall be done only at such times, in the areas and through the entrances designated for such purposes by Landlord.

11.2 The delivery or shipping of merchandise, supplies and fixtures to and from the Demised Premises shall be subject to such rules and regulations as in the judgment of Landlord are necessary for the proper operation of the Demised Premises or Shopping Center.

11.3 All garbage and refuse shall be kept in the kind of container specified by Landlord, and shall be placed outside the Demised Premises prepared for collection in the manner and at the times and places specified by Landlord. Tenant shall pay the cost of removal of any Tenant's refuse or rubbish.

11.4 No radio or television or similar device shall be installed without first obtaining in each instance Landlord's prior written consent. No aerial, antenna, satellite dish or similar device shall be erected on the roof or exterior walls of the Shopping Center or on the grounds, without the prior written consent of Landlord. Any such device so installed without such consent shall be subject to removal without notice at any time, without liability to the Landlord therefor; costs incurred by Landlord for such removal shall be paid by Tenant.

11.5 No loudspeakers, televisions, phonographs, radios or other devices shall be used in a manner so as to be heard or seen outside of the Demised Premises without the prior written consent of Landlord.

11.6 If the Demised Premises are equipped with heating facilities separate from those in the remainder of the Shopping Center, Tenant shall keep the Demised Premises at a temperature sufficient to prevent freezing of water pipes and fixtures.

11.7 Tenant shall keep exterior areas immediately adjoining the Demised Premises clean and free from snow, ice, dirt and rubbish to the satisfaction of Landlord, and Tenant shall not place or permit any obstruction or merchandise outside Tenant's Demised Premises.

11.8 The plumbing facilities shall not be used for any purpose other than that for which they are constructed, and no foreign substance of any kind shall be deposited therein. The expense of any breakage, stoppage, or damage resulting from a violation of this provision shall be borne by the Tenant whose employees, agents or invitees shall have caused same. Tenant shall be responsible for all sanitary sewer lines up to the limit of Tenant's private sewer line, whether or not such lines are located within the Demised Premises.

11.9 Tenant shall, at Tenant's cost, employ a qualified pest extermination contractor, whose services shall be scheduled not less than monthly and so as not to unreasonably interfere with the operation of the Shopping Center.

11.10 Tenant shall not burn any trash or garbage of any kind in or about the Shopping Center.

11.11 Tenant and its employees shall park their motor vehicles only in those parking areas designated for that purpose by Landlord, and Tenant shall provide Landlord with a list of its employees' motor vehicle license tag numbers. If Tenant and/or its employees are in violation of this rule, Landlord shall have the right to tow said vehicle at Tenant's expense.

11.12 Tenant shall not make noises, cause disturbances, or create odors which may be offensive to other tenants of the Shopping Center or their employees, agents, customers or invitees.

11.13 Tenant's access to the roof is limited to maintenance of equipment installed with Landlord's approval, and inspections for damage to that equipment. Neither Tenant nor its agents or employees shall enter upon the roof at any time without the express prior approval of Landlord.

11.14 Neither Tenant, its agents nor its employees shall solicit business in the parking area or other common areas, nor shall Tenant, its agents or its employees, distribute or display any handbills or other advertising matter in or on automobiles or other vehicles parked in the parking area, or in other common areas. If any such materials are distributed, Tenant shall pay Landlord for the cost of cleanup.

11.15 There shall be no commercial use of any of the common area.

Tenant's Initials _____
Landlord's Initials _____

12. **DEFAULTS AND REMEDIES:**

12.1 **Defaults.** The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

(A) The failure by Tenant to make any payment of Base Rent, Additional Rent or any other payment required to be made by Tenant hereunder, as and when due; or

(B) More than two defaults by Tenant within any one Lease Year for the nonpayment of rent hereunder, necessitating that Landlord, because of such defaults, shall have served upon Tenant within said Lease Year more than two written notices. This default shall be deemed a non-curable default; or

(C) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than Paragraph (A) above, where such failure shall continue for a period of twenty (20) business days after written notice thereof from Landlord to Tenant; or

(D) The insolvency of the Tenant or the execution by Tenant of an assignment for the benefit of creditors; or

(E) The filing by Tenant for reorganization or arrangement under any law relating to bankruptcy or insolvency; or

(F) The appointment of a receiver or trustee to take possession of substantially all of Tenant's assets located at the Demised Premises or of Tenant's interest in this Lease; or

(G) The vacating or abandonment of the Demised Premises for a period of three (3) days or more.

12.2 **Remedies.** Upon the occurrence of any event of default, Landlord shall have the right at any time thereafter to pursue any one or more of the following remedies with or without notice or demand. Pursuit of any of the following remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rents due to Landlord hereunder or of any damages accruing to Landlord by reason of the Tenant's violation of any of the terms, conditions or covenants herein contained.

(A) Terminate this Lease, in which event Tenant shall immediately surrender the Demised Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearage in rents, enter upon and take possession of the Demised Premises and expel or remove Tenant and any other person who may be occupying the Demised Premises or any part thereof, by force if necessary, without being liable for prosecution or any claim or damages therefor. Tenant agrees to pay to Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination, whether through inability to relet the Demised Premises on satisfactory terms or otherwise.

(B) Enter upon and take possession of the Demised Premises and expel or remove Tenant and any other person who may be occupying the Demised Premises, by force if necessary, without being liable for prosecution or any claim for damages therefor, and relet the Demised Premises and receive rents therefrom. Tenant agrees to pay Landlord on demand any deficiency that may arise by reason of such reletting.

(C) Enter upon the Demised Premises, by force if necessary, without being liable for prosecution or any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to reimburse Landlord on demand for expenses which Landlord may incur in effecting compliance with Tenant's obligations under this Lease, and Tenant further agrees that Landlord shall not be liable for any damages resulting to the Tenant from such action.

(D) At its option, declare the rents for the entire remaining Term, and other indebtedness if any, immediately due and payable without regard to whether or not possession shall have been surrendered to or taken by Landlord, and may commence action immediately thereupon and recover judgment therefor.

Any rents which may be due Landlord, whether by acceleration or otherwise, as provided herein, shall include Base Rent, Percentage Rent and any Additional Rent provided for herein. It shall be deemed that Percentage Rent for any period after such default would have been at a monthly rate thereafter equal to the average monthly Percentage Rent which Tenant was obligated to pay Landlord under Article 5.4 during the preceding year.

(E) Demand payment for any rents be made by certified check, cashier's check or money order.

13. **INSURANCE:**

13.1 **Tenant's Insurance.** Tenant, at its sole expense, shall obtain and keep in force during the Term of this Lease the following policies of insurance, naming Landlord as a co-insured:

(A) Comprehensive general liability insurance and personal injury liability insurance, insuring Tenant against liability for injury to persons or damage to property occurring in or about the Demised Premises or arising out of the ownership, maintenance, use or occupancy thereof. Said insurance shall specify a single occurrence policy limit of at least \$1,000,000;

Tenant's Initials _____
Landlord's Initials _____

(B) All Risk property insurance, including coverage against damage caused by fire, windstorm, explosion, aircraft, vehicles, smoke, riot or vandalism on all of Tenant's personal property, trade fixtures, leasehold improvements and furnishings in the minimum amount of 80% of their replacement cost;

(C) Glass Insurance covering 100% of the replacement cost of all storefront glass at the Demised Premises; and

(D) Worker's Compensation insurance insuring Tenant from all claims for personal injury, disease and/or death under the worker's compensation law of the state where the Shopping Center is located, in the amounts required by law.

13.2 **Landlord's Insurance.** Landlord shall obtain and keep in force during the Term of this Lease fire and extended coverage on the Shopping Center. Tenant agrees that it will not store, keep, use, sell or offer for sale in or upon the Demised Premises, gasoline and related products, firearms, explosives or any other article which may be prohibited by the standard form of fire insurance policy, or which will increase Landlord's insurance cost.

13.3 **Insurance Policies.** Insurance required to be obtained by Tenant hereunder shall be in companies rated A+, AAA or better in "Best's Insurance Guide", and licensed to do business in the state where the policy is written. Tenant shall furnish Landlord proof of insurance policies within ten (10) days after the execution of this Lease but not later than ten (10) days prior to possession of Demised Premises. Such policies shall provide that coverage may not be canceled or reduced without at least ten (10) days written notice first being given to Landlord. If Tenant shall fail to procure and maintain the insurance required hereunder, Landlord may but shall not be required to procure and maintain the same, and any amounts paid by Landlord for such insurance shall be Additional Rent, which shall be due and payable by Tenant on the next succeeding date on which a Base Rent installment is due.

13.4 **Waiver of Subrogation.** As long as their respective insurers so permit without additional premium, Tenant and Landlord each waives any and all rights of recovery against the other, or against the officers, employees, agents and representatives of the other for loss or damage to such waiving party or its property or the property of other under its control, where such loss or damage is insured under any insurance policy in force at the time of such loss or damage.

14. NO PERSONAL LIABILITY OF Landlord:

"Landlord", as used in this Lease insofar as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners at the time in question of the Demised Premises. In the event of any transfer of title, the Landlord named herein shall automatically be freed and relieved from and after the date of such transfer or conveyance of all personal liability as respects the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed, provided that any funds in the hands of such Landlord at the time of such transfer shall be turned over to the grantee. Tenant shall look solely to the estate and property of Landlord in the Shopping Center of which the Demised Premises are a part for the satisfaction of Tenant's remedies for collection of a judgment or other judicial process requiring the payment of money by Landlord in the event of any default or breach by Landlord of any of the terms, covenants and conditions of Lease to be observed and/or performed by Landlord, and no other property or assets of Landlord, its partners or agents shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies.

15. HOLD HARMLESS:

Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, liabilities, damages and costs, including attorneys fees, incurred by Landlord which may arise from Tenant's use of the Demised Premises or from the conduct of its business or from any activity, work or things which may be permitted or suffered by Tenant in, on or about the Demised Premises, and shall further indemnify, defend and hold Landlord harmless from and against any and all claims, liabilities, damages and costs, including attorneys fees, incurred by Landlord which may arise from any breach or default in the performance of any obligation on Tenant's part under this Lease or which may arise from any negligence of Tenant or any of its agents, representatives, customers, employees or invitees. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all liabilities, damages and costs, including attorneys fees, which may arise from any injury or loss incurred as a result of Landlord, its agents, representatives or designees entering the Demised Premises under an emergency circumstance, such as fire or similar event.

16. ACCESS TO Demised Premises:

Landlord, its agents, representatives and designees shall have the right to enter the Demised Premises at any time to examine and inspect the same, or to make such repairs, additions or alterations as Landlord may deem necessary or proper for the safety, improvement or preservation thereof. Landlord shall also have the right to enter the Demised Premises during Tenant's regular business hours, to exhibit same to prospective purchasers, mortgagees, lessees and tenants. During the ninety (90) days prior to the Lease Expiration Date, Landlord may place upon the Demised Premises "For Lease" or other similar signs which Tenant shall permit to remain thereon displayed.

Tenant's Initials _____
Landlord's Initials _____

17. ALTERATIONS:

17.1 **Alterations by Landlord:** The Shopping Center and common areas are at all times subject to the exclusive control and management of Landlord. Without limiting the generality of the foregoing, Landlord has the right in its management and operation of the Shopping Center to do and perform such acts in and to the Shopping Center as in the use of good business judgment the Landlord determines to be advisable for the more efficient and proper operation of the Shopping Center, including:

(A) Obstruct or close off all or any part of the Shopping Center for the purpose of maintenance, repair or construction;

(B) Use any part of the Common Area for merchandising, display, decorations, entertainment, and structures designed for retail selling or special features or promotional activities;

(C) Change area, level, location, arrangement or use of Shopping Center or any part thereof;

(D) Construct other buildings, structures or improvements in the Shopping Center and make alterations thereof, additions thereto, subtraction therefrom, or rearrangements thereof, build additional stories on any building, and construct additional buildings or facilities adjoining or proximate to the Shopping Center;

(E) Construct multiple deck, elevated or underground parking facilities, and expand, reduce or alter same in any manner whatsoever.

17.2 **Alterations by Tenant.** Tenant shall not make any structural or mechanical alterations in any portion of the Demised Premises, nor make any alterations in the storefront or the exterior of the Demised Premises. Tenant shall not make any interior alterations at a cost in excess of \$2,500 without first obtaining written consent of Landlord. All alterations, additions and improvements provided for herein shall become, upon completion, the property of Landlord subject to the terms of this Lease; however, if Landlord at its sole option so elects, Tenant shall promptly remove all alterations, additions and improvements and any other property placed in the Demised Premises by Tenant and Tenant shall be responsible for any damage caused by such removal.

18. REPAIRS AND MAINTENANCE:

18.1 **Landlord's Obligations.** Landlord shall keep in good order, condition and repair the structural portions of the Shopping Center and those portions of the Shopping Center not occupied or leased by any tenant, and all costs incurred by Landlord in making such repairs or performing such maintenance shall be Operating Expenses as defined in Article 5.5, provided that Landlord shall have no obligation to perform any act which is the obligation of Tenant or any other tenant in the Shopping Center. Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Demised Premises in good order, condition or repair.

18.2 **Tenant's Obligations.** Tenant, at Tenant's expense, shall keep in good order, condition and repair the Demised Premises and every part thereof including, without limiting the generality of the foregoing, all plumbing and sewer lines to the point where they intersect with common lines, heating, air conditioning, ventilating, electrical and lighting facilities and equipment within the Premises up to and including Tenant's meter and electrical breakers, fixtures, interior walls and interior surfaces of exterior walls, ceilings, windows, doors and plate glass located within or upon the Demised Premises. All repairs made by Tenant shall be at least of the same quality, design and class as that of the original work.

If Tenant refuses or neglects to make repairs and/or to maintain the Demised Premises or any part thereof in a manner reasonably satisfactory to Landlord, Landlord shall have the right, but not the obligation, upon giving Tenant reasonable written notice of its election to do so, to make such repairs or perform such maintenance on behalf of and for the account of Tenant. Such work shall be paid for by Tenant, as Additional Rent, promptly upon receipt of a bill therefor. Tenant shall, during the Term of this Lease, provide scheduled monthly heating and air conditioning service and inspections in the form of a preventive maintenance contract with a reputable commercial service contractor.

18.3 **Surrender.** On the last day of the Term hereof, or on any sooner termination or date on which Tenant ceases to possess the Demised Premise, Tenant shall surrender the Demised Premises and the keys thereto to Landlord in good and clean condition, ordinary wear and tear excepted. Prior to such surrender, Tenant shall repair any damage to the Demised Premises occasioned by its removal of trade fixtures, furnishings and equipment, which repair shall include the patching and filling of holes and repair of structural damage.

19. LIENS:

Tenant shall suffer no liens of any kind to be placed upon the Demised Premises or the Shopping Center. If any lien is placed upon the Demised Premises or the Shopping Center as a result of any work done on behalf of Tenant, or as a result of any goods or services sold or rendered to Tenant, then Tenant shall, within ten (10) days of the imposition of the lien, cause said lien to be removed, at Tenant's sole expense. At any time Tenant either desires to or is required to make repairs or alterations in accordance with this Lease, Landlord may require Tenant, at Tenant's sole cost and expense, to obtain and provide to Landlord a lien and completion bond (or such other applicable bond as determined by Landlord) in an amount equal to one and one-half times the estimated cost of such improvements to insure Landlord

Tenant's Initials _____
Landlord's Initials _____

against liability including but not limited to liability for mechanics' and materialmen's liens and to insure completion of the work.

20. DAMAGE OR DESTRUCTION:

If the Demised Premises or the Shopping Center shall be damaged or destroyed by fire or other casualty, Landlord shall have the following options:

20.1 Lease Termination.

(A) If the Shopping Center or the Demised Premises is damaged or destroyed to the extent of fifty percent (50%) or more of its reasonable market value prior to the time of said damage or destruction, Landlord may terminate this Lease as of the date of the occurrence.

(B) If the Shopping Center or the Demised Premises is damaged or destroyed to the extent of less than fifty percent (50%) of its reasonable market value prior to the time of said damage or destruction but the Shopping Center cannot, in the sole judgment of Landlord, be operated economically as an integral unit then Landlord may terminate this Lease as of the date of the occurrence.

(C) If the Demised Premises are damaged or destroyed within the last thirty-six (36) months of the Term of this Lease or any extension thereof, to the extent that Tenant cannot carry on Tenant's business, then Landlord, at its sole discretion, may terminate this Lease as of the date of the occurrence.

20.2 Repair or Restoration. If Landlord elects to repair or restore the Demised Premises to the same condition as existed before such damage or destruction, it shall proceed with reasonable dispatch to perform the necessary work. However, notwithstanding anything in this Lease to the contrary, if the cost of repair or restoration exceeds any insurance proceeds available for such work, Landlord may terminate this Lease unless Tenant shall, after notice of the amount of deficiency, pay to Landlord that deficiency. Upon Landlord's election to repair or restore the Demised Premises, the Base Rent shall be abated until such work is completed but Landlord shall not be liable to Tenant for any delay which arises by reason of labor strikes, adjustments of insurance or any other cause beyond Landlord's control, and in no event shall Landlord be liable for any loss of profits or income. If fire or other casualty causing damage to the Demised Premises or other parts of the Shopping Center shall have been caused by the negligence or misconduct of the Tenant, its agents, representatives, employees, or of any other person entering the premises under express or implied invitation of Tenant, such damage shall be repaired by Landlord at the expense of Tenant despite contrary provisions appearing in this Lease and in such event there shall be no abatement of rent.

21. CONDEMNATION:

If the Demised Premises shall be taken by right of eminent domain, in whole or in part, for public purposes or should be sold by Landlord under the threat of the exercise of such power, then this Lease, at the option of Landlord, shall terminate and the Rent shall be properly apportioned to the date of such taking, and the Landlord shall receive the entire award for the lands and improvements so taken, or the entire amount of any payment made under the threat of the exercise of power or eminent domain, and Tenant shall have no claim for the value of any portion of its leasehold estate so terminated except any claim to which Tenant is solely entitled not affecting Landlord's claim. If less than a substantial part of the Demised Premises shall be taken, this Lease shall not terminate but Landlord, at its sole expense, shall promptly restore and reconstruct the Demised Premises, provided such restoration and reconstruction shall make the same reasonably suitable for the uses for which the Demised Premises are leased, but in no event shall Landlord be required to expend any amount greater than the amount received by Landlord as compensation for the portion of the Demised Premises taken by the condemnor. Tenant's rental obligations during the unexpired portion of this Lease shall be adjusted proportionately to reflect the gross leasable area remaining in the Demised Premises, as of the date on which the condemning authority takes title or possession.

22. FORCE MAJEURE:

In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, inability to procure materials, loss of utility services, restrictive governmental laws or regulations, riots, insurrection, war, acts of God, or other reason or a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions of this Section shall not operate to excuse Tenant from the prompt payment of Rent or any other charges under this Lease.

23. LANDLORD'S LIEN:

Tenant hereby grants to Landlord a lien upon and security interest in all goods, wares, equipment, fixtures, furniture and other personal property of Tenant situated in on or about the Demised Premises or Shopping Center, together with the proceeds from the sale or lease thereof, to secure payment of all Base Rent, Additional Rent and other charges due and to become due under this Lease, and to further secure the faithful performance of all of the other obligations of this Lease required to be performed by Tenant. Said lien is to be prior to any other lien on such property except a lien in favor of the seller or lessor of such property to secure the unpaid purchase price or lease payments

Tenant's Initials _____
Landlord's Initials _____

thereof. This lien and security interest are given in addition to any statutory liens in favor of Landlord and may be cumulative thereto.

Upon occurrence of an event of default, Landlord may, in addition to any other remedies provided herein or by law, enter upon the Demised Premises and take possession of any and all goods, wares, equipment, fixtures, furniture and other personal property of Tenant situated on the Demised Premises without liability for trespass or conversion and sell the same at public or private sale after giving Tenant reasonable notice of the time and place of any such sale. Unless otherwise required by law, notice to Tenant of such sale shall be deemed sufficient if given in the manner prescribed in this Lease at least ten (10) days before the time of the sale. Any public sale made under this Section shall be deemed to have been conducted in a commercially reasonable manner if held in the Demised Premises or where the Shopping Center is located, after the time, place and method of sale and a general description of the types of property to be sold have been advertised in a daily newspaper published in the county where the Shopping Center is located.

Landlord or its assigns may purchase Tenant's property at a public sale and unless prohibited by law at a private sale. The proceeds from any such disposition, less any and all expenses connected with the taking of possession, holding and selling of the property (including reasonable attorney's fees and other expenses), shall be applied as a credit against the indebtedness secured by the lien and security interest granted herein. Any surplus shall be paid to Tenant or as otherwise required by law; Tenant shall immediately pay any deficiency. Upon request by Landlord Tenant agrees to execute a Financing Statement in a form sufficient to perfect the lien and security interest of Landlord in the Tenant's property and proceeds thereof under provisions of the Uniform Commercial Code in force in the state where the Shopping Center is located.

24. SUCCESSION TO LANDLORD'S INTEREST:

24.1 **Attornment.** Tenant shall attorn and be bound to any of Landlord's successors under all the terms, covenants and conditions of this Lease for the balance of the remaining Term.

24.2 **Subordination.** This Lease shall be subordinate to the lien of any mortgage or security deed or the lien resulting from any other method of financing or refinancing now or hereafter in force against the Shopping Center, any portion thereof, or upon any buildings hereafter placed upon the land of which the Demised Premises are a part, and to any and all advances to be made under such mortgages, and all renewals, modifications, extensions, consolidations and replacements thereof. The aforesaid provisions shall be self-operative and no further instrument shall be required to evidence such subordination. Tenant covenants and agrees to execute and deliver upon demand such further instrument or instruments subordinating this Lease on the foregoing basis to the lien of any such mortgage or mortgages as shall be desired by Landlord and any mortgagees or proposed mortgagees, and hereby irrevocably appoints Landlord the attorney-in-fact of Tenant to execute and deliver such instrument or instruments within ten (10) days after written notice to do so.

24.3 **Mortgagee's Approval.** If any mortgagee of the Shopping Center requires any modification of the terms and provisions of this Lease as a condition to such financing as Landlord may desire, then Landlord shall have the right to cancel this Lease if Tenant fails or refuses to approve and execute such modification(s) within thirty (30) days after Landlord's request therefor, provided said request is made prior to the Lease Commencement Date specified in Article 1.5 hereof. Upon such cancellation by Landlord, this Lease shall be null and void and neither party shall have any liability either for damages or otherwise to the other by reason of such cancellation. In no event, however, shall Tenant be required to agree, and Landlord shall not have any right of cancellation for Tenant's refusal to agree, to any modification of the provisions of this Lease relating to the amount of rent or other charges reserved herein, the size and/or location of the Demised Premises, the duration of, and/or commencement date of, the Lease Term, or the improvements to be made by Landlord to the Demised Premises prior to delivery of possession.

24.4 **Estoppel Certificate.** Within ten (10) days after request therefor by Landlord, or in the event that upon any sale, assignment or hypothecation of the Demised Premises and/or the land thereunder by Landlord an estoppel certificate shall be required from Tenant, Tenant agrees to deliver in recordable form a certificate to any proposed mortgagee or purchaser, or to Landlord, certifying that this Lease is unmodified and in full force and effect (or if modified, that the same is in full force and effect as modified, and stating the modifications), that there are no defenses or offsets thereto (or stating those claimed by Tenant) and the dates to which Base Rent, Percentage Rent and Additional Rent have been paid.

25. SURRENDER OF PREMISES:

25.1 At the expiration or earlier termination of this Lease, Tenant shall surrender the Demised Premises to Landlord broom clean and in the same condition as when tendered by Landlord, reasonable wear and tear and insured casualty excepted. Tenant shall promptly repair any damage to the Demised Premises caused by the removal of any furniture, trade fixtures or other personal property placed in the Demised Premises.

25.2 Should Tenant, with Landlord's written consent, hold over at the end of the term hereof, Tenant shall become a Tenant at will and any such holding over shall not constitute an extension of this Lease. During such holding over, Tenant shall pay rent and other charges at the highest monthly rate provided herein. If Tenant holds over at the end of the term hereof without Landlord's written consent, Tenant shall pay Landlord as liquidated damages a sum equal to twice the rent to be paid by Tenant to Landlord for all the time Tenant shall so retain possession of the Demised Premises; provided that the exercise of Landlord's rights under this clause shall not be interpreted as a grant of permission to Tenant to continue in possession.

Tenant's Initials _____
Landlord's Initials _____

26. **SIGNS:**

Tenant shall not have the right to erect signs on the exterior walls of the Demised Premises or anywhere else on the property without the prior written consent of Landlord. At lease termination, Tenant shall remove all signs and at its own expense repair any damage caused by such removal. All and any signs erected by Tenant must meet the criteria established by Landlord in Exhibit "D" hereof.

27. **HAZARDOUS MATERIALS:**

Tenant covenants not to introduce any hazardous or toxic materials onto the Shopping Center, Demised Premises, or the grounds surrounding the Shopping Center, without (a) first obtaining Landlord's written consent and (b) complying with all applicable federal, state and local laws or ordinances pertaining to the transportation, storage, use or disposal of such materials, including but not limited to obtaining proper permits.

If Tenant's transportation, storage, use or disposal of hazardous or toxic materials on the Shopping Center, Demised Premises, or the grounds surrounding the Shopping Center results in (1) contamination of the soil or the surface or ground water or (2) loss or damage to person(s) or property, then Tenant agrees to respond in accordance with the following paragraph:

Tenant agrees (i) to notify Landlord immediately of any contamination, claim of contamination, loss or damage, (ii) after consultation and approval by Landlord, to clean up and (iii) to indemnify, defend and hold Landlord harmless from and against any claims, suits, causes of action, costs and fees, including attorney's fees, arising from or connected with any such contamination, claim of contamination, loss or damage. This provision shall survive the termination of this Lease.

28. **MISCELLANEOUS:**

28.1 **Partial Invalidity.** If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

28.2 **Successors and Assigns.** Except as otherwise provided herein, this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, executors, successors and assigns.

28.3 **Waiver.** The waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term or condition of this Lease shall be deemed to have been waived by Landlord, unless such waiver be in writing by Landlord.

28.4 **Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than an account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

28.5 **Attorneys' Fees.** In the event any action is commenced for any breach of any covenant, condition or agreement herein contained, the prevailing party in such action shall be entitled to receive all costs incurred in such action, including without limitation, all reasonable attorneys' fees.

28.6 **Time Is Of The Essence.** Time is of the essence of this agreement.

28.7 **Broker's Commission.** Tenant warrants that it has had no dealings with any broker or agent in connection with this Lease except as designated in Article 1.15, and covenants to pay, hold harmless and indemnify Landlord from and against any and all cost, expense or liability for any compensation, commissions and charges claimed by any broker or agent with respect to this Lease or the negotiation thereof.

28.8 **Entire Agreement.** This Lease and the Exhibits and Addenda, if any, attached hereto and forming a part hereof, set forth all the covenants, promises, agreements, conditions and understandings between Landlord and Tenant concerning the Demised Premises and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between them other than as are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them.

28.9 **No Recordation.** Tenant's recordation of this Lease or any memorandum or short form of it will be void and a default under this Lease.

Tenant's Initials _____
Landlord's Initials _____

28.10 **Applicable Law.** The validity, performance and enforcement of this Lease shall be governed by the laws of the state in which the Shopping Center is located.

28.11 **Notices.** Whenever under this Lease provision is made for any demand, notice or declaration of any kind, or where it is deemed desirable or necessary by either party to give or serve any such notice, demand or declaration to the other party, it shall be in writing and sent by certified mail, return receipt requested, postage prepaid, to the address set forth in Articles 1.8 (A) and 1.9 (A) hereof, or to such other address as may be given by a party to the other by proper notice hereunder. The date on which the certified mail is deposited with the United States Postal Service shall be the date on which any proper notice hereunder shall be deemed given.

28.12 **Quiet Enjoyment.** Landlord warrants that it has full right and power to execute and perform this Lease, and that Tenant, on payment of the sums due hereunder and performance of all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, shall peacefully and quietly have, hold and enjoy the Demised Premises during the Term of this Lease and any extension or renewal hereof.

28.13 **Compliance with Law.** Tenant shall comply with all present and future laws, ordinances and regulations applicable to the use of Demised Premises, and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisance in, upon or connected with the Demised Premises, all at Tenant's sole expense.

28.14 **Superior Law.** If any provision of this Lease is ever in conflict with any applicable law or regulation, either now in effect or hereafter adopted, said law or regulation shall control.

28.15 **Guarantor.** In the event that there is a guarantor of this Lease, said guarantor shall have the same obligations as Tenant under this Lease.

28.16 **Relocation of the Premises.** Landlord reserves the unrestricted and unconditional right to relocate the Demised Premises to substantially comparable space within the Shopping Center. Landlord will give Tenant a written notice of its intention to relocate the Premises, and Tenant will complete such relocation within thirty (30) days after receipt of such written notice. If the furnishings of the space to which Landlord proposes to relocate Tenant are not substantially the same as those of the Premises, or if the Monthly Base Rent of the new space is not substantially the same as the prior Monthly Base Rent, Tenant may terminate this Lease effective as of the thirtieth (30) day after Landlord's initial notice unless Landlord elects to rescind the notice to relocate. If Tenant does relocate within the Shopping Center, then effective on the date of such relocation this Lease will be amended by deleting the description of the original Premises and substituting for it a description of such comparable space. Landlord agrees to reimburse Tenant for its actual moving costs to such other space within the Shopping Center, to the extent such costs are reasonable.

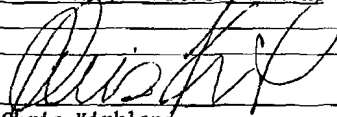
28.17 **Landlord's Fees.** Whenever Tenant requests Landlord to take any action or give any consent required or permitted under this Lease, Tenant will reimburse Landlord for all of Landlord's costs incurred in reviewing the proposed action or consent, including, without limitation, reasonable attorney's, engineers', architects', accountants' and other professional fees, within ten (10) days after Landlord's delivery to Tenant of a statement of such costs. Tenant will be obligated to make such reimbursement without regard to whether Landlord consent to any such proposed action.

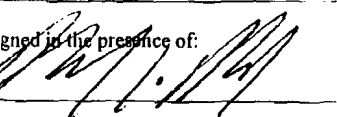
28.18 **Exhibits.** The Exhibits listed in Article 1.16 are attached hereto and by this Article made a part hereof.

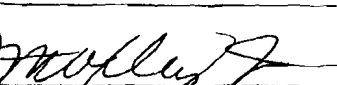
28.19 **Execution of Leases.** The submission of this Lease for examination does not constitute a reservation of or option for the Demised Premises and this Lease becomes effective as a lease only upon execution and delivery thereof by Landlord and Tenant. If Tenant is a corporation, Tenant shall furnish Landlord with such evidence as Landlord reasonably requires to evidence the binding effect on Tenant of the execution and delivery of this Lease.

IN WITNESS WHEREOF, the parties have subscribed their respective signatures in execution hereof, on the day and year written.

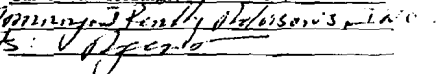
TENANT:
Nasau County Board of Commissioners

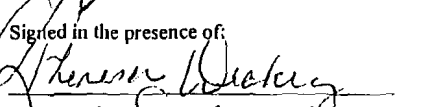
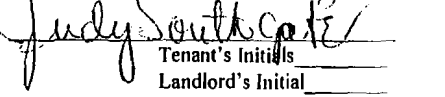
By 
Name Chris Kirkland
Title Chairman
Date February 23, 1998

Signed in the presence of:
Witness 

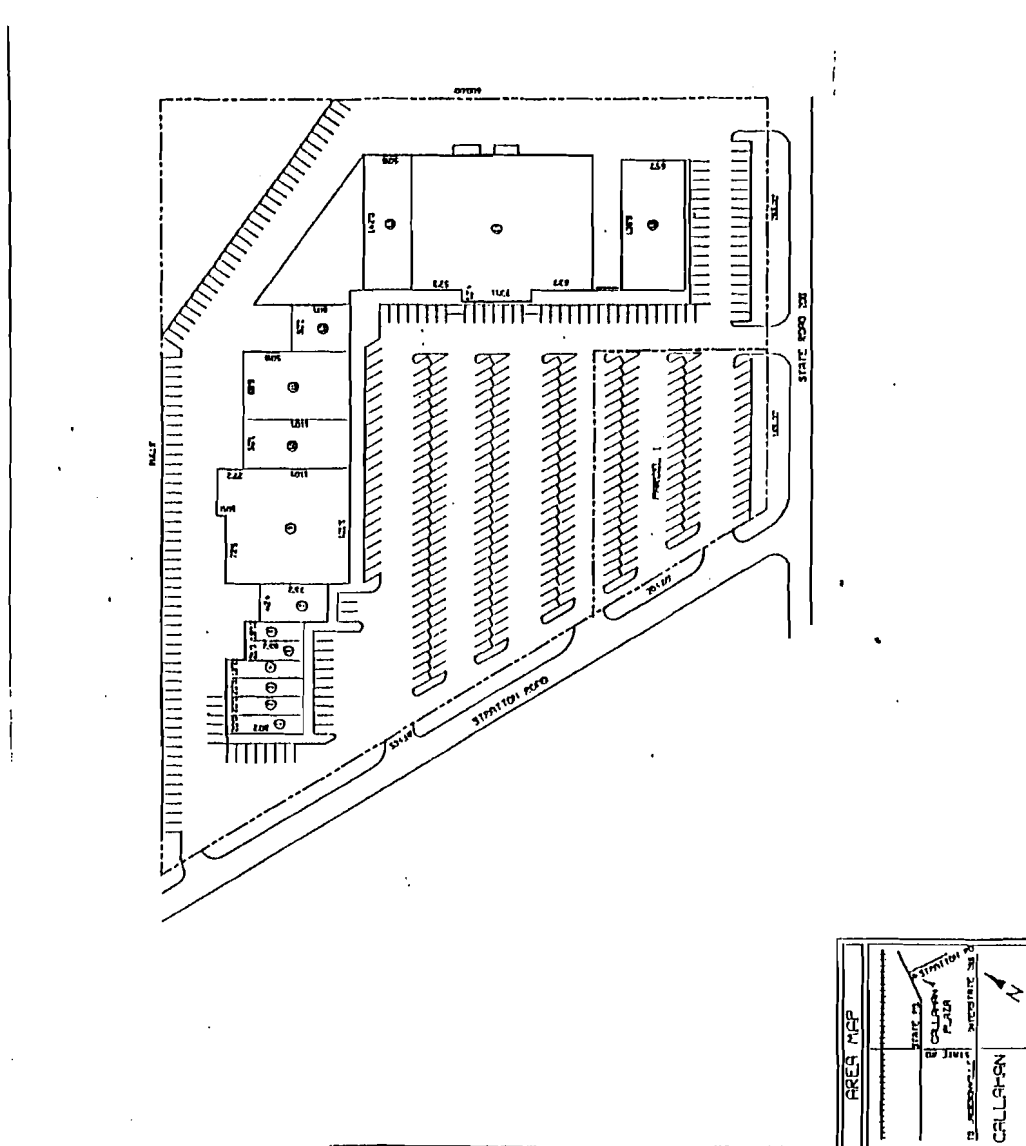
Witness _____
ATTEST:

J.M. Oxley, Jr., Ex-Officio Clerk

LANDLORD:
Cal Plaza Holdings, Association, LTD.

By 
Name Thomas W. Christian
Title Site Vice President
Date April 6, 1998

Signed in the presence of:
Witness 
Witness 
Tenant's Initials _____
Landlord's Initial _____

LEASE AGREEMENT
EXHIBIT A
SITE PLAN



Tenant: Nassau County Board of Commissioners The Demised Premises and the Shopping Center as shown above are approximations.
DBA: Public Library

Demised Premises: approximately 5,520 square feet

Frontage: approximately 50 linear feet

Maximum Depth: approximately 110 linear feet

A

04/30/91

Tenant's Initials _____

Landlord's Initials _____

LEASE AGREEMENT
EXHIBIT B
LEGAL DESCRIPTION

PARCEL 1

That certain piece, parcel or tract of land, situate, lying and being a part of the Northwest 1/4 and a part of Government Lot 2, all in Section 29, Township 2 North, Range 25 East, Nassau County, Florida, and being more particularly described as follows: Commencing at the centerline intersection of U. S. Highway No. 1 and State Road No. 200 (a 66-foot right of way as now established by the State Road Department); thence North 39° 10' 00" East along said centerline of State Road No. 200, 1330.45 feet to the P.C. of a curve to the left in said centerline, said curve having a radius of 57,295.78 feet; thence continuing along said centerline of State Road No. 200 and around and along said curve, North 38° 45' 01" East, 832.73 feet (chord bearing and distance) to its intersection with a Westerly prolongation of the Southerly right of way line of Stratton Road, 38.74 feet to its intersection with the Southeasterly right of way line of said State Road No. 200, being a curve and having a radius of 57,328.78 feet; thence continuing South 82° 46' 00" East along the Southerly right of way line of Stratton Road, 204.60 feet for a point of beginning; thence continuing along said Southerly right of way line of Stratton Road, 534.18 feet; thence South 38° 36' 43" West, 816.16 feet; thence North 51° 15' 22" West, 25.00 feet; thence North 38° 36' 43" East, 25.00 feet; thence North 51° 15' 22" West, 35.00 feet; thence North 38° 36' 43" East, 185.50 feet; thence North 51° 15' 22" West, 394.90 feet; thence North 38° 23' 49" East, 326.46 feet to the point of beginning.

The above described land is subject to a mortgage to Life Investors Insurance Company of America, dated June 27, 1972, and recorded on June 30, 1972, in Official Records Volume 127, page 265, public records of Nassau County, Florida, securing an original indebtedness of \$460,000, which mortgage is a permitted encumbrance hereunder.

PARCEL 2

That certain piece, parcel or tract of land, situate, lying and being a part of the Northwest 1/4 and a part of Government Lot 2, all in Section 29, Township 2 North, Range 25 East, Nassau County, Florida, and being more particularly described as follows: Commencing at the centerline intersection of U.S. Highway No. 1 and State Road No. 200 (a 66-foot right of way as now established by the State Road Department); thence North 39° 10' 00" East along said centerline of State Road No. 200, 1330.45 feet to the P.C. of a curve to the left in said centerline, said curve having a radius of 57,295.78 feet; thence continuing along said centerline of State Road No. 200 and around and along said curve, North 38° 45' 01" East, 832.73 feet (chord bearing and distance) to its intersection with a Westerly prolongation of the Southerly right of way line of Stratton Road (an existing paved County maintained road, being a approximate 60-foot right of way); thence South 82° 46' 00" East along said Westerly prolongation of said Southerly right of way line of Stratton Road, 38.74 feet to its intersection with the Southeasterly right of way line of said State Road No. 200, being a curve and having a radius of 57,328.78 feet for a point of beginning; thence continuing South 82° 46' 00" East along the Southerly right of way line of Stratton Road, 204.60 feet; thence South 38° 23' 49" West, 326.46 feet; thence South 51° 15' 22" East, 394.90 feet; thence South 38° 36' 43" West, 185.50 feet; thence South 51° 15' 22" East, 35.00 feet; thence South 38° 36' 43" West, 25.00 feet; thence North 51° 15' 22" West, 605.00 feet to said curved Southeasterly right of way line of State Road No. 200; thence North 38° 31' 35" East around and along said curved Southeasterly right of way line of State Road No. 200, a distance of 430.00 feet (chord bearing and distance) to the point of beginning.

**LEASE AGREEMENT
EXHIBIT C
CONSTRUCTION RIDER**

1. Tenant has inspected the Demised Premises and accepts them in their present condition. Tenant has the responsibility, except as stated elsewhere in this Lease, to repair all existing construction as required for Tenant's use and occupancy, including, but not limited to: storerooms, heating and air conditioning systems, electrical systems, lighting, partitions, doors and all finishes.
2. Tenant shall, at Tenant's sole expense, furnish to Landlord construction drawings and specifications (hereinafter called "Plans"), describing all work necessary to construct the Demised Premises for Tenant's use and occupancy (hereinafter called "Tenant Improvements"). Tenant shall furnish to Landlord three (3) copies of the Plans for Landlord's review and approval, which is required prior to the initiation of any work on the Tenant Improvements. Landlord shall have ten (10) working days from the date of receipt of the Plans to review them.
3. Tenant shall, at Tenant's sole expense, perform all work necessary to complete the Tenant Improvements as approved by Landlord.
4. Tenant shall cause the Tenant Improvements to be constructed in compliance with all applicable ordinances, laws, rules and regulations of all governmental authorities, and shall secure written approval of the Plans from such governmental authorities before beginning work on the Tenant Improvements. In the event that said governmental authorities require changes or alterations in the Plans before granting Tenant written approval, then Tenant shall, at Tenant's sole expense, cause the Plans to be revised to indicate the required changes or alterations, and shall furnish to Landlord two (2) copies of the revised Plans for Landlord's records.
5. Tenant shall cause the Tenant Improvements to be constructed by a contractor (hereinafter called "Tenant's Contractor") licensed by the appropriate governmental authorities, and shall require Tenant's Contractor to furnish to Landlord a Certificate of Insurance as proof of insurance coverage in at least the following amounts:
 - (A) Workers Compensation Insurance in the amounts required by law in the state in which the Shopping Center is located;
 - (B) Comprehensive general liability insurance and personal injury liability insurance, specifying a single occurrence policy limit of at least \$1,000,000;
 - (C) Products/Completed Operations Insurance;
 - (D) Independent Contractors Insurance;
 - (E) Personal liability insurance specifying a single occurrence policy limit of at least \$1,000,000;
 - (F) Owned and hired automobile and equipment liability insurance; and
 - (G) Builders Risk Insurance in the minimum amount of the contract between Tenant and Tenant's Contractor.
6. Tenant shall, before opening for business, furnish to Landlord a Certificate of Occupancy or other documentation indicating acceptance of construction by the appropriate governmental authorities. Tenant shall also furnish to Landlord an acceptable Affidavit of No Liens and Waivers of Lien from Tenant's Contractor and its subcontractors.
7. Tenant shall, at Tenant's sole expense, furnish signs and the electrical connections thereto, in compliance with Exhibit D hereof.

**LEASE AGREEMENT
EXHIBIT D
TENANT SIGN CRITERIA
(Individual Letters)**

Tenant's fascia sign ("hereinafter called "Sign") shall be designed, built, installed and maintained in strict accordance with the following criteria.

1. Design:

(A) The Sign shall be individually lighted letters mounted directly to the sign fascia, or mounted on a continuous metal bar or raceway. All letters and symbols shall be formed with metal sides and plastic faces; the letters shall have a minimum depth of four (4) inches with the plastic faces being a minimum of three-sixteenths (3/16) inch thick. The Sign shall be lighted adequately to achieve an even lighting level across the face of the letter. All wiring and electrical devices shall be hidden from view. If a raceway or wiring bar is provided, it shall be colored to match the sign fascia.

(B) Mounting of the Sign shall be performed in a workmanlike manner. Tenant accepts responsibility for any damage to the property caused by Tenant's sign installer.

(C) All materials used in the fabrication and mounting of the Sign, including but not limited to fasteners, bolts and screws, shall be rustproof. If the sign fascia is metal, then the fascia shall be protected from galvanic reaction with all metal parts of the Sign.

2. Size: The Sign shall conform to the following size and location requirements:

(A) The length of the Sign shall not be greater than eighty percent (80%) of the frontage of the Demised Premises. The length of the Sign shall be measured from the outer edge of the first letter to the outer edge of the last letter.

(B) The vertical height of the Sign shall not be greater than fifty percent (50%) of the sign fascia, and in no case shall the vertical height of the Sign be less than eighteen (18) inches. The vertical height of the Sign shall be measured from the tallest letter and shall include the tails of lower case letters that extend below the line. In cases where Sign letters are stacked, the vertical height measurement shall include all stacked letters and the spaces between letter rows. Raceways and wiring bars shall be included in the vertical height measurement.

3. Location: The Sign shall be centered on the Tenant's storefront horizontally, and shall be centered on the sign fascia vertically. If the fascia is angular, the Sign shall be mounted perpendicular to the ground and diagonal bracing shall be attached to the rear of the sign.

4. Landlord's Approval: Tenant, at Tenant's sole expense, shall have prepared and shall submit to Landlord three (3) copies of the plans and specifications for Tenant's Sign, prior to fabrication of the Sign. The plans shall include detailed information concerning the size, location, materials, color, electrical devices and connections. Landlord shall have ten (10) working days from receipt of the plans to approve/disapprove them.

5. Applicable Laws: Tenant is responsible for securing all necessary permits and approvals from governmental authorities having jurisdiction. Tenant shall further cause the Sign to be fabricated and installed to comply with all applicable laws, rules and ordinances promulgated by the governmental authorities having jurisdiction, and in accordance with the plans as approved by Landlord.

6. Other Signage: Tenant shall not place any under canopy signage in front of the Demised Premises without prior written approval of Landlord. In the event Landlord determines that under canopy signs are desirable for the Shopping Center, Tenant shall place such a sign according to specifications provided by Landlord. Tenant shall be prohibited from placing any other signage on, about or in front of the Shopping Center, or the Demised Premises, without the prior written consent of Landlord. This shall include but not be limited to: banner signs, marquee signs, trailer signs, billboard signs, and window painted signs. If Tenant violates this restriction, Landlord shall have the right, without notice to Tenant, to remove such sign without liability therefor.

7) Maintenance: Tenant shall maintain the Sign during the Term of this Lease and any extension thereof. The Sign shall be kept clean and in operating condition and Tenant shall develop a continuing maintenance program to ensure same.

LEASE AGREEMENT
EXHIBIT E
GUARANTY OF LEASE

TENANT: Nassau County Board of Commissioners SHOPPING CENTER: Callahan Plaza
DBA: Public Library LEASE DATED: _____

FOR VALUE RECEIVED, And in consideration of and as an inducement for the execution and delivery of the Lease referred to above between Landlord and Tenant, the undersigned Guarantor hereby guarantees to Landlord, the full and prompt payment of all Rent, and any and all other sums and charges payable by Tenant under the Lease, and the full and timely performance and observance of all the covenants, terms, conditions and agreements in the Lease to be performed and observed by the Tenant. Guarantor hereby covenants and agrees that if default shall at any time be made by the Tenant in the payment of any such Rent or of the covenants, terms, conditions or agreements in the Lease, the Guarantor will promptly pay such Rent and other sums and charges to the Landlord, and/or perform and fulfill all of such terms, covenants, conditions and agreements, and will pay the Landlord all damages and expenses, including attorney's fees, that may arise in consequence of any default by the Tenant under the Lease of by the enforcement of this Guaranty.

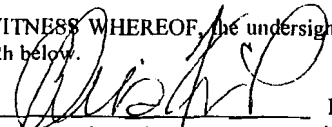
This Guaranty is an absolute and unconditional guaranty of payment and of performance. It shall be enforceable against the Guarantor, without the necessity of any suit or proceedings on the Landlord's part of any kind or nature whatsoever against the Tenant and without the necessity of any notice of non-payment, non-performance, non-observance, acceptance of this Guaranty, or any other notice or demand to which the Guarantor hereby expressly waives. The Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of the Guarantor hereunder shall in no way be terminated, affected, diminished or impaired by reason of the assertion or failure to assert by the Landlord against the Tenant any of the rights and remedies available to the Landlord or by relief of Tenant from any of the Tenant's obligations under this Lease by the rejection of the Lease in connection with proceedings under the Bankruptcy laws now or hereafter in effect or otherwise.

This Guaranty shall be a continuing guaranty and the liability of the Guarantor hereunder shall in no way be affected, modified or diminished by reason of any assignment, renewal, modification or extension of the Lease or by reason of any modification or waiver of or change in any of the terms, covenants, conditions or provisions of the Lease, or by reason on any extensions of time that may be granted by the Landlord to the Tenant or by reason of a change for different use of the Demised Premises or by reason of any dealings or transactions or matters or things occurring between Landlord and the Tenant, whether or not the Guarantor has knowledge or notice thereof. Landlord reserves the right to obtain credit report.

The assignment by Landlord of the Lease and/or the Rents and other receipts thereof made either with or without the Guarantor's knowledge or notice shall in no manner whatsoever release the Guarantor from any liability as Guarantor. This Guaranty may be assigned by Landlord.

All the Landlord's rights and remedies under the said Lease or under this Guaranty are intended to be distinct, separate and cumulative and no such right and remedy therein or herein mentioned is intended to be an exclusion or a waiver of any of the others. This Guaranty shall be binding upon the Landlord and Tenant and their respective successors and assigns.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty of Lease as of the day and year set forth below.

Guarantor  Date 2/23/91
Name Chris Kirkland Address P.O. Box 1010
Fernandina Beach, FL 32035
Telephone 904-321-5703

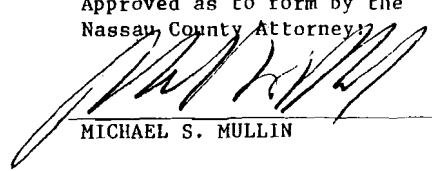
Social Security/Tax ID# _____

04/30/91
ATTEST:


J. M. Oxley, Jr., Ex-Officio Clerk

Tenant's Initials 
Landlord's Initials _____

Approved as to form by the
Nassau County Attorney


MICHAEL S. MULLIN

ADDENDUM TO SHOPPING CENTER LEASE AGREEMENT
("THE LEASE") BY AND BETWEEN
Cal Plaza Holdings Association, LTD. ("LANDLORD")
AND Nassau County Board of Commissioners ("TENANT")
FOR PREMISES LOCATED AT 324 1st Avenue

THE LANDLORD AND TENANT HEREBY AGREE THAT THE LEASE SHALL BE AMENDED OR MODIFIED IN THE FOLLOWING RESPECTS:

1. RADON DISCLOSURE

"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."

2. AGENCY DISCLOSURE

The Landlord and Tenant hereby acknowledge that Walter Dickinson, Inc. is the agent and representative of the Landlord.



TENANT

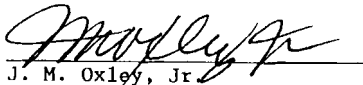
BY _____
NAME Chris Kirkland
TITLE Chairman
DATE February 23, 1998

Cal Plaza Holdings Association
By: Walter Dickinson, Inc.

LANDLORD


BY _____
NAME Walter Dickinson
TITLE Senior Vice President
DATE 4/6/98

ATTEST:



J. M. Oxley, Jr.
Ex-Officio Clerk

Approved as to form by the
Nassau County Attorney:



MICHAEL S. MULLIN



Chris W. Clinton
Senior Vice President
Asset Management

3100 Monticello Ave., Suite 200
Dallas, TX 75205
cclinton@tarragoncorp.com

Main 214.599.2200
Direct 214.599.2231
Fax 214.599.2250

(2) It was moved by Commissioner Higginbotham, seconded by Commissioner Vanzant and unanimously carried to approve and authorize the Chairman to sign the Second Quarter Reimbursements for the Consolidated Solid Waste Management Grant in the amount of \$43,519, account 70368590.

(3) It was moved by Commissioner Marshall, seconded by Commissioner Vanzant and unanimously carried to approve to extend the lease agreement with the Callahan Plaza Holdings Association Ltd., on a month-to-month extension at the same terms and conditions; and proceed (authorizing the County Administrator) to negotiate for a longer renewal term for the Callahan Library with funding source identified as 01713571-544000.

(4) It was moved by Commissioner Branan and seconded by Commissioner Higginbotham to declare the Yulee Sports Complex Gymnasium an emergency and to bring the fire alarm system into compliance; and approve B.J. Barr's Safety Company to proceed with the design and installation and, as recommended, remove usable parts available from the fire control panel and fixtures from the 14th Street Annex building and install them in the gymnasium. Following a discussion of several funding options, the motion and second were amended to utilize Reserves for Contingencies

3. Approval to extend the lease agreement with the Callahan Plaza Holdings Association LTD on a month-to-month extension at same terms and conditions and proceed to negotiate for a longer renewal term for the Callahan Library. Funding Source: 01713571-544000.

APPROVED

DATE 4/25/05
CS

Agenda Request For: *April 25, 2005*

● Department: *Building Maintenance*

Background: *Attached letter dated February 23, 2005 regarding the Callahan Library Facility Lease Agreement with the Callahan Plaza Holdings Association LTD. Callahan Plaza Holdings Association LTD. Express their interest in retaining the Library as a tenant at the Callahan Center.*

Financial/Economic Impact to Future Years Budgeting Process or Effect on Citizens:
N/A

Action requested and recommendation:

Recommend the Board approve to extend the lease on a month-to-month extension at same terms and conditions as contained in the Lease and proceed to negotiate for a longer renewal term.

● Is this action consistent with the Nassau County Comprehensive Land Use Plan? *N/A*

Funding Source: 01713571-544000 Rentals and Leases

Reviewed by:

Department Head

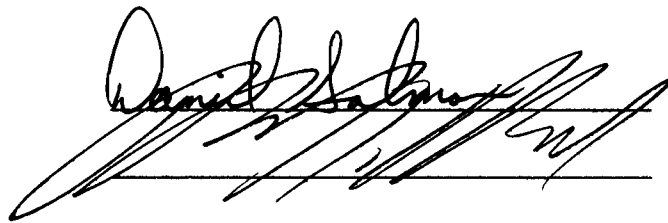
Legal

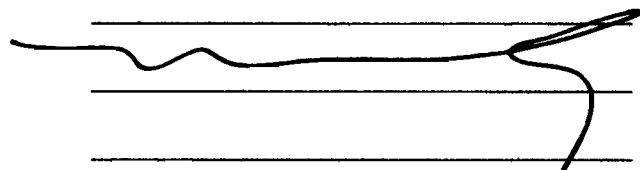
Finance

Administrator

Grants

Revised 04/05





RECEIVED
COUNTY COORDINATORS
OFFICE
05 APR 15 AM 10:10

