

*Prepared By & Return To:
Philip A. DeLaney,
Scruggs & Carmichael, P.A.
Post Office Box 23109
Gainesville, Florida 32602
PAD*

LEASE AGREEMENT

THIS INSTRUMENT, made and fully executed this ____ day of _____, 2008 by and between ROBERT A. MITCHELL, MITCHELL REALTY SERVICES, INC., hereinafter referred to as “Lessor” and the CITY OF GAINESVILLE, a Florida municipal corporation, hereinafter referred to as “Lessee”;

WITNESSETH

1. PREMISES. Lessor hereby leases to Lessee, and Lessee leases from Lessor, for the term and upon the terms and conditions hereinafter set forth, the premises located at 205 Northwest 10th Avenue and warehouse located at 920 Northwest 2nd Street, Gainesville.

2. TERM. The primary term of this lease shall commence on 12:01 A.M. October 1, 2008, and shall continue thereafter ending at 11:59 P.M. on March 30, 2010, subject to budgetary funding in each budget cycle. At the end of said primary term and at the Lessee's option, the term shall be extended on a monthly basis. At any time thereafter, Lessee shall give Lessor Ninety (90) day prior notice of intent to terminate the lease.

3. RENT. Lessee shall pay to Lessor, in advance and without demand, a monthly rental in the amount of \$ FIVE THOUSAND DOLLARS each month together with all applicable sales or excise taxes found to be due by reason of the payment of such rent. The lessee pays no sales tax.

All rent shall be paid in advance on the first day of each month. Lessee shall pay a penalty in the amount of 5% of the monthly rent when any rental payment is received by the Lessor subsequent to the 5th day of any month, which said penalty is cumulative to other remedies hereinafter provided. Rent shall be deemed delivered to the Lessor when deposited in the U.S. Mail, Certified, postage prepaid with return receipt requested, or when personally delivered or when the rent is deposited in an institutional banking account designated by the Lessor in a dated writing.

Failure to pay any late payment penalty fees by the time the next rent is due shall constitute a complete and immediate material breach of this lease.

4. USE The premises may be used for the operation of any lawful business purpose allowed in the Zoning Classification of office/warehouse. Provided always, that all permitting or permissions for any other use desired by Lessee shall be secured at the sole burden and expense of Lessee after securing prior written consent of the Lessor.

There shall be no hazardous substances, the presence of which is limited, regulated or prohibited by any Federal, state or local governmental authority or agency having jurisdiction kept on the demised property, or which are otherwise known to pose a hazard to health or safety of occupants of the demised property, located on, in or under the demised property or used in connection therewith. Lessee has fully disclosed to the Lessor in writing the existence, extent and nature of any hazardous substance, which Lessee is legally authorized and empowered to maintain on, in or under the demised property or use in connection therewith; and, Lessee has obtained and will maintain all licenses, permits and approvals required with respect thereto, and is in full compliance with all the terms, conditions and requirements of such licenses, permits and approvals.

5. UTILITIES Lessee shall pay promptly as and when the same becomes due and payable all rents rates and charges for water, sewers, electricity, gas, fuel, lights, heat and power and other utilities supplied to the demised premises or used by Lessee in connection therewith.

6. TAXES Lessor agrees to pay all ad valorem real property taxes levied upon and against the land, the fixtures that are a part of the demised premises, the building, and other improvements presently situated thereon during the term of this Lease.

Where and when applicable, Lessee shall also pay all tangible personal property and inventory taxes and assessments levied upon or against the personal property, furnishing, fixtures, equipment and inventory owned by the Lessee and kept of the demised premises.

Lessee shall provide Lessor with receipts for the payment of such and tangible personal property taxes on or before March 15 each year, during the primary term of this lease and each year thereafter during any extensions or renewals.

7. MAINTENANCE AND REPAIR:

1) Lessee Responsibilities. Lessee shall be responsible for maintaining the interior walls, light fixtures, floor, and floor covering in the condition that existed on the first day of the lease term, reasonable wear and tear expected. Lessee shall be responsible for routine maintenance i.e. changing filter of the HVAC systems, but not for repairs or replacement, unless the lack of routine maintenance caused the failure of the HVAC system(s). Lessee agrees to keep the interior of the demised building clean and in good repair, and to paint the interior walls of the building as needed.

2) Lessor Responsibilities. Lessor shall be responsible for maintenance and repair of the roof, mechanical, electrical, plumbing, and structural and exterior portions of the buildings, and the repairs or replacements of the HVAC systems unless such repairs are due to the negligence of the tenant. All repairs not addressed herein and not caused by acts or omissions, or neglect of the tenant or its employees, agents, licensees, patrons, guests, or invitees, shall be the responsibility of the Lessor.

8. ALTERATION Lessee shall not make any alterations of or improvements to the demised premises without securing Lessor's prior written consent, which said consent shall not be unreasonably withheld by the Lessor. All minor alterations, improvements or additions, such as counters, booths, interior signs and non-weight bearing partitions, may be made by Lessee in a good workmanlike manner without cost to Lessor, without having first secured Lessor's written consent.

9. TRADE AND OTHER FIXTURES Lessee may install, or cause to be installed, such equipment and trade and other fixtures as are reasonably necessary for the operation of his business so long as such installation does not require penetration of a bearing wall or the roof of the demised building(s). Upon the expiration of the primary term of this Lease or any renewal thereof, Lessee shall remove all such equipment and fixtures he installed, including signs, and restore the demised premises and fixtures belonging to the Lessor to their original condition, reasonable wear and tear excepted.

10. FIRE INSURANCE AND CASUALTY DAMAGE The Lessee at its discretion during the term of this Lease, and any extensions thereof, at his own expense, maintain fire and extended peril contents insurance coverage for the full insurable value at his expense

naming Lessor as additional insured and owner. Lessor shall insure the building for casualty. If the demised premises are damaged or destroyed during the term of this Lease by fire or other casualty of the kind covered by the insurance, Lessor will re-construct the demised premises or repair such damage as soon as practicable using reasonable diligence, but in any event within one hundred twenty (120) days if practicable; and Lessee shall meanwhile be entitled to an abatement of rental to the extent to loss of use suffered by him; provided, however, that if the demised premises shall be damaged or destroyed by such fire or other casualty to the extent of 50% or more of their replacement value during the term hereof, Lessor and Lessee shall thereupon each have an option to terminate this Lease unless Lessee shall agree to extend the term hereof to a date one (1) year from the date the C.O. is issued for the repair of such damage or destruction. In any event, Lessor shall be entitled to all proceeds of insurance except those proceeds paid for contents, fixtures, and equipment owned by the Lessee, and sole right of recovery against insurers on policies of insurance covering such damage or destruction. It is understood and agreed to that the Lessee is self-insured.

11. LIABILITY INSURANCE Lessee agrees at Lessee's expense to be responsible for losses associated with the negligence of its employees and agents. The lessee, through a program of self insurance, will provide liability coverage up to sovereign immunity limits set forth in Florida Statue 768.28. A copy of the certificate of self insurance shall be provided to the lessor upon the lessor's request.

12. COMPLIANCE WITH LAWS Lessee will promptly comply with all applicable and valid laws, ordinances and regulations of Federal, State, County, Municipal or other lawful authority pertaining to the use and occupancy of the leased premises, including but not limited to all health, sign, parking and fire code ordinances and regulations. Lessee acknowledges that he has satisfied himself that the demised premises meet all City of Gainesville codes and ordinances and regulations necessary for the Lessee's intended use.

13. ASSIGNMENT AND SUBLETTING Lessee shall not have the right to assign or sublease the whole or any part of the premises, without first securing Lessor's prior written consent, which said consent shall not be unreasonably withheld. Provided, always, that any assignment or sublease shall be subject to all of the terms and conditions of this

Lease, and that Lessee shall remain liable for all payments of the rent and the performance of the terms and conditions of this Lease.

14. BANKRUPTCY OR INSOLVENCY Should Lessee make an assignment for the benefit of creditors, or be adjudicated bankrupt, or if any petition under the Bankruptcy Act is filed, whether voluntary or involuntary, such action shall constitute a breach of this Lease, for which Lessor, at his option, may terminate all rights of Lessee or its successors in interest under this Lease.

15. CONDEMNATION If the whole of the leased premises or such portion thereof as will make the premises unusable for the purpose herein leased, be condemned by any legally constituted authority for any public use or purpose, then in either of the said events the term hereby granted shall cease from the time when possession thereof is taken by public authorities and rental shall be accounted for as between Lessor and Lessee as of that date. Such termination however, shall be without prejudice to the rights of either Lessor or Lessee to recover compensation and damages caused by condemnation from the condemnor. If only a portion of the premises are taken so not to render the premises untenable, this Lease shall continue in full force as to the remaining portion of the demised premises and in such event the rental thereafter payable by Lessee shall be adjusted and prorated in the exact ration of which the value of the premises remaining after such condemnation bears to the value of the premises immediately preceding the condemnation and Lessor shall, at his own expense, make such repairs and alterations made necessary by condemnation. It is further understood and agreed that neither the Lessee nor the Lessor shall have any rights in any award made to the other by any condemnation authority.

16. ATTORNEY'S FEES If suit is brought to enforce or construe any covenant of this Lease or for the breach of any covenant or condition herein contained, the parties hereto agree that the prevailing party may seek a reasonable attorney's fee, which shall be fixed by the Court, and Court costs.

17. DEFAULT In the event Lessee shall default in the payments of the monthly rent as provided herein, failure of Lessee to cure such default within the 10th day of any month shall, at the option of the Lessor, work as a forfeiture of this Lease, or Lessor may enforce performance in any manner provided by law, and Lessor's agent or attorney shall have the right without further notice or demand to re-enter and remove all persons from Lessor's

property without prejudice to any remedies for arrears of rent or breach of covenant, or Lessor's agent or attorney may resume possession of the property and relet the same for the remainder of the term at the best rental such agent or attorney can obtain for the account of the Lessee, who shall pay any deficiency, and Lessor shall have a lien as security for such rental upon the contents, furnishings, fixtures and equipment belonging to Lessee, which are on the demised premises. In the event Lessee shall default in the performance of any of the terms or provisions of this Lease other than the payment of monthly rent, Lessor shall promptly so notify Lessee in writing. If Lessee shall fail to cure such defect within thirty (30) days after mailing of such notice, or if the default is of such character as to require more than thirty (30) days to cure and Lessee shall fail to commence to do so within ten (10) days after receipt of such notice and thereafter diligently proceed to cure such default, then in either event Lessor shall have the option to declare default or to cure such default which shall not work as a forfeiture of this Lease unless such expense is not paid with the rent next due.

18. LESSOR'S COVENANT Lessor covenants the Lessor has good marketable title to the demised premises in fee simple absolute and that the same is subject to no other leases, tenancies or agreements.

19. QUIET ENJOYMENT Lessee, upon paying the rent and performing the covenants and agreements of this Lease, shall quietly have, hold and enjoy the demised premises and all rights granted Lessee in this Lease during the term hereof and extensions thereto, if any.

20. SUBORDINATION AND ATTORNMENT Lessee hereby agrees that his leasehold interest hereunder is subordinate without further action by or notice of Lessee, to any mortgages now encumbering the demised premises hereunder.

Lessee hereby agrees to subordinate its leasehold interest hereunder to any mortgages hereafter placed on the premises demised hereunder by the Lessor or their successors in interest so long as any such subsequent mortgagee(s) agree, in writing, that Lessee will not be foreclosed and evicted, so long as this Lease has not been defaulted by Lessee, in the event that any such subsequent mortgage is foreclosed.

Lessee hereby agrees that his leasehold interest hereunder is hereby attorned, without further action by or notice to Lessee, to the rights of any successors in title to the premises demised hereunder.

This subordination and attornment agreement shall be self-operative and no further instrument or certificate of subordination or attornment shall be required from Lessee.

21. NOTICES Any notices required or permitted hereunder shall be in writing and delivered either in person to the other party or the other party's authorized agent, or by United States certified mail, return receipt requested, postage fully prepaid, to the addresses set forth hereinafter, or to such other address as either party may designate in writing and deliver as herein provided.

Lessor: Robert A. Mitchell/Mitchell Realty Services, Inc.
 726-B N.W. 8th Avenue
 Gainesville, FL 32601
 Phone: (352)374-8579

Lessee: City Manager, City of Gainesville
 Post Office Box 490, Mail Station 6
 Gainesville, Florida 32602-0490
 Phone: Sam Bridges @ 393-8404

22. RECORDATION The parties agree that lessee is a municipal corporation and is bound by Florida Public Record law.

23. WATER DAMAGE It is expressly agreed and understood by and between the parties to this Agreement, that the Lessor shall not be liable for any damage or injury by water, which may be sustained by the said Lessee or other person or for any other damage or injury resulting from the carelessness, negligence, or improper conduct on the part of any other Lessor or their then agents or employees, or by reason of the breakage, leakage, or obstruction of the water, sewer or soil pipes, or other leakage in or about the said demised properties.

24. MISCELLANEOUS This Lease Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representative, successors and assigns.

EXECUTED BY Lessor this _____ day of _____.

LESSOR: Mitchell Realty Services, Inc.

WITNESS

Robert A. Mitchell, President

Printed name of witness

WITNESS

Printed name of witness

EXECUTED BY Lessee this _____ day of _____, 2008.

LESSEE: City of Gainesville

WITNESS

Russ Blackburn, Manager

Printed name of witness

WITNESS

Printed name of witness