REUISED M-4 #13-0472



TO:

Honorable Mayor & Members of the

Fort Lauderdale City Commission

FROM:

Lee Feldman, ICMA-CM, City Manager

DATE:

March 19, 2013

TITLE:

Motion to approve a 6-year building lease (\$427,875 over 6 years) for the

City's Health & Wellness Center

## Recommendation

It is recommended that the City Commission approve a 6-year building lease (\$427,875 over 6 years including \$85,000 in leasehold improvements, \$25,000 for furnishings, and rent/utilities at \$48,457.50 the first year and escalating to \$60,623.01 the sixth year) for the City's Health & Wellness Center at 105 Northeast 3<sup>rd</sup> Street, Suites A & C. The building is one block north of City Hall in downtown Fort Lauderdale.

## **Background**

The 2,100 square foot facility is owned by the 105 NE 3<sup>rd</sup> Street, LLC. The City negotiated this 6-year lease which includes 5 free months of rent (one each year for the first five years), a 3% escalator per year, and estimated utility and HVAC maintenance fees.

| Office size |         | ffice size 2,100 square feet |                                   |                                  |  |  |
|-------------|---------|------------------------------|-----------------------------------|----------------------------------|--|--|
| Year        | Rate    | Monthly rent                 | Gross<br>Estimated<br>Annual Rent | Annual Rent<br>less Free<br>Rent | Est Annual<br>Utilities and<br>HVAC<br>Maintenance | Gross<br>Estimated<br>Average<br>Annual Cost |
| 1           | \$21.90 | \$3,832.50                   | \$45,990.00                       | \$42,157.50                      | \$6,300.00   | \$48,457.50                                  |
| 2           | \$22.56 | \$3,947.48                   | \$47,369.70                       | \$43,422.23                      | \$6,480.00   | \$49,902.23                                  |
| 3           | \$23.23 | \$4,065.90                   | \$48,790.79                       | \$44,724.89                      | \$6,672.00   | \$51,396.89                                  |
| 4           | \$23.93 | \$4,187.88                   | \$50,254.51                       | \$46,066.64                      | \$6,888.00   | \$52,954.64                                  |
| 5           | \$24.65 | \$4,313.51                   | \$51,762.15                       | \$47,448.64                      | \$7,092.00   | \$54,540.64                                  |
| 6           | \$25.39 | \$4,442.92                   | \$53,315.01                       | No free Rent                     | \$7,308.00   | \$60,623.01                                  |
|             |         |                              |                                   |                                  | TOTAL  | \$317,874.91                                 |

City Commission approved a 28-month contract with Marathon Health to operate the City's Health & Wellness Center on October 2, 2012 per RFP 725-11022 (CAM #12-2140). Marathon Health has hired a medical doctor, nurse practitioner and medical assistant and is currently training the medical staff to run the facility.

The City explored more than a dozen comparable locations throughout the City of Fort Lauderdale before settling on the 105 Northeast 3<sup>rd</sup> Street, Suites A & C. The analysis of locations undertaken by City staff included the facility meeting certain physical needs as defined by Marathon Health which is the organization contracted to staff and operate the Center. Another important factor included a location that would be convenient for City employees and their dependents to access. A third important factor in choosing the location was that the price negotiated for the space was among the lowest of all the locations that were available.

The leasehold improvements and furnishing of the structure will not exceed \$110,000 for a completely operational medical facility and furnishings with 3 examining rooms, a reception area, 2 bathrooms, a laboratory, kitchen, and two offices.

The City's Public Works/Engineering Division has been involved in designing a floor plan and working with the landlord to finalize the actual build-out of the facility into a fully operational Health & Wellness Center. The leasehold improvements become fixtures that become part of the real property, ownership of which is retained by the Landlord at the conclusion of the Lease. As a condition of the Lease, the Landlord has required that the improvements be made by the Landlord at the Tenant's expense. To this end, the City Public Works/Engineering staff has confirmed that the \$85,000 build-out cost that was bid by the landlord as part of the lease is adequate and a competitive price for the work to be done. Under the terms of the lease the Landlord is required to deliver the leasehold improvements to the City at or under \$85,000.00. The cost of the leasehold improvements is denominated as "additional rent" under the terms of the Lease. The City's procurement code addresses the procurement of supplies and services, but does not address leasing of real property nor leasehold improvements that are affixed to the real property.

The owner of the facility (105 NE 3<sup>rd</sup> Street, LLC) refurbished the structure two years ago and has occupied it for their architectural firm. Renovation is required to make Suites A & C into a fully operational medical office.

The 6-year lease includes two 5-year options for the City to extend the agreement for the facility. It also includes an option for the City to lease out Suite B which has an additional 450 square-feet of space.

Over the 6 years of the lease there is a fiscal impact to the City in the amount of \$427,875 (build-out of \$85,000, furnishings of \$25,000, and rent/utilities beginning at \$48,457.50 the first year and escalating to \$60,623.01 the sixth year).

The City's cost for leasehold improvements (\$85,000) and furnishings (\$25,000) will include the involvement by City staff to assemble and install furniture, cabinets, and sinks. The leasehold improvements provided by the Landlord totaling \$85,000 will be paid by the City in installments of \$15,000 to the Landlord upon signing the lease; another \$25,000 paid to the Landlord 30 days thereafter; a second \$25,000 installment is paid to the Landlord after another 30 days; and the balance of \$20,000 is paid to the Landlord after a final 30 days.

The total FY 2013 impact is \$119,240 (two months rent at \$7,665, three months maintenance at \$1,575, \$85,000 build-out, and \$25,000 in furnishings).

## Resource Impact

This item is contingent upon the completion and approval of an internal budget transfer that is currently in process. Future funding is contingent upon approval and appropriation of the FY 2014 – FY 2019 budgets.

| FY         | FUND | SUB<br>FUND | FUND NAME                             | INDEX#    | INDEX NAME                            | SUB<br>OBJECT | SUB OBJECT<br>NAME      | AMOUNT    |
|------------|------|-------------|---------------------------------------|-----------|---------------------------------------|---------------|-------------------------|-----------|
| 2013       | 545  | 01          | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3319          | OFFICE<br>SPACE<br>RENT | \$ 7,665  |
| 2013       | 545  | 01          | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3428          | BLDG REP & MAINT        | \$ 1,575  |
| 2013       | 545  | 01          | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3925          | FURNITURE               | \$ 25,000 |
| 2013       | 545  | 01          | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 6522          | HEALTH INS<br>CLAIMS    | \$ 85,000 |
|            |      |             |                                       |           | ·-                                    |               | 2013 TOTAL              | \$119,240 |
| 2014       | 545  | 01          | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3319          | OFFICE<br>SPACE<br>RENT | \$ 42,387 |
| 2014       | 545  | 01          | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3428          | BLDG REP &<br>MAINT     | \$ 6,345  |
| 2014 TOTAL |      |             |                                       |           |                                       |               | 2014 TOTAL              | \$ 48,732 |
| 2015       | 545  | 01          | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3319          | OFFICE<br>SPACE<br>RENT | \$ 43,659 |
| 2015       | 545  | 01          | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3428          | BLDG REP &<br>MAINT     | \$ 6,528  |
| 2015 TOTAL |      |             |                                       |           |                                       |               | \$ 50,187               |           |

| 2016       | <b>5</b> 45 | 01 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3319 | OFFICE<br>SPACE<br>RENT | <b> </b> \$ | 44,969 |
|------------|-------------|----|---------------------------------------|-----------|---------------------------------------|------|-------------------------|-------------|--------|
| 2016       | 545         | 01 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3428 | BLDG REP & MAINT        | \$          | 6,726  |
|            |             |    |                                       |           |                                       |      | 2016 TOTAL              | \$          | 51,695 |
| 2017       | 545         | 01 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3319 | OFFICE<br>SPACE<br>RENT | \$          | 46,318 |
| 2017       | 545         | 01 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3428 | BLDG REP &<br>MAINT     | \$          | 6,939  |
|            | <b></b>     |    |                                       |           |                                       |      | 2017 TOTAL              | \$          | 53,257 |
| 2018       | 545         | 01 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3319 | OFFICE<br>SPACE<br>RENT | \$          | 52,150 |
| 2018       | 545         | 01 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3428 | BLDG REP & MAINT        | \$          | 7,146  |
| 2018 TOTAL |             |    |                                       |           |                                       |      |                         | \$          | 59,296 |
| 2019       | 545         | 01 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3319 | OFFICE<br>SPACE<br>RENT | \$          | 39,986 |
| 2019       | 545         | 01 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | INS220101 | SELF<br>INSURED<br>HEALTH<br>BENEFITS | 3428 | BLDG REP & MAINT        | \$          | 5,481  |
| 2019 TOTAL |             |    |                                       |           |                                       |      | \$                      | 45,467      |        |

GRAND TOTAL \$427,875

Related CAM(s): #12-2140

Attachment(s)

Prepared by: Dennis Stone, Employee Benefits Coordinator

Department Director: Averill Dorsett, Human Resources Director

## LEASE AGREEMENT

105 NE 3<sup>rd</sup> Street, Fort Lauderdale, Florida 33301

105 NE 3<sup>rd</sup> Street, LLC, a Florida limited liability company (Lessor)

and

The City of Fort Lauderdale, a municipal corporation (Lessee)

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## PAGPA OFFICE BUILDING 105 NE 3<sup>rd</sup> Street Fort Lauderdale, Florida 33301

## LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made and entered into this 19th day of March, 2013 by and between 105 NE 3<sup>RD</sup> STREET, LLC, a Florida limited liability company (the "Lessor"), with its principal place of business located at 105 NE 3<sup>rd</sup> Street, fort Lauderdale, Florida, and THE CITY OF FORT LAUDERDALE, a municipal corporation (the "Lessee") whose mailing address is 100 North Andrews Avenue, Fort Lauderdale, Florida 33301.

## ARTICLE I GRANT AND TERM OF LEASE

#### 1.01 DEMISED PREMISES

In consideration of the respective representations and agreements herein contained, Lessor and Lessee covenant and agree as follows:

Lessor hereby leases unto Lessee and Lessee hereby accepts and takes possession as Lessee under Lessor that certain space designated as 105 NE 3<sup>rd</sup> Street, Suites C & A, Fort Lauderdale, Florida 33301, consisting of 2,100 square feet of Gross Rentable Space (based on BOMA established guidelines, and these shall be agreed upon numbers for rent calculation purposes hereunder, regardless of whether the actual, usable square footage of the Demised Premises is greater or less) as shown on the floor plans attached hereto as Exhibit "A" (the "Demised Premises") in the office building owned by Lessor (the "Building") at 105 NE 3<sup>rd</sup> Street, Fort Lauderdale, Florida 33301, said site and Building known as THE PAGPA BUILDING. The Demised Premises are located on real property owned by Lessor and described as follows:

Lots 5, 6 and 7, Block "B" of FORT LAUDERDALE LAND AND DEVELOPMENT COMPANY'S SUBDIVISION of Lots 1, 2, 3 and 4 in Block 2 of the TOWN OF FORT LAUDERDALE, according to the Plat thereof as recorded in Plat book 1, Page 57 of the Public Records of Dade County, Florida; said lands situate, lying and being in Broward County, Florida

(hereinafter, "Real Property")

Lessee acknowledges that it has inspected the Demised Premises, knows the condition thereof, and accepts such Demised Premises, specifically the buildings and improvements comprising the same in their current "as is, where is" condition, subject only to general clean up, as shown on "Exhibit A", as suitable for the purposes for which the Demised Premises are leased. Lessee's taking possession of the Demised Premises shall be deemed to conclusively establish that said buildings and improvements are in good and satisfactory condition as of when possession was taken, latent defects notwithstanding.

Lessee further acknowledges that no representations as to the repair of the Demised Premises, nor representations to alter, remodel, or improve the Demised Premises have been made by Lessor, unless such are expressly set forth in this Lease.

## 1.02 TERM

The term of this Lease shall be seventy two (72) months ("Term"), commencing upon that certain day when the final Certificate of Occupancy as to Lessee Improvements is issued (the "Commencement Date") and terminating seventy-two (72) months after the Commencement Date (the "Termination Date").

## 1.03 RENEWAL OPTION

Provided that Lessee is not in default of any of its duties, promises and covenants elsewhere set forth, Lessee is granted the option to renew this Lease for two (2) additional five (5) year terms from the expiration date of the original term of this Lease. Said option term(s) shall be upon the same terms and condition as are provided herein, including those rental increases as set forth herein.

Said option terms may only be exercised by instrument in writing executed by the Lessee and furnished to the Lessor by registered or certified mail no later than six (6) months prior to the termination of the initial Lease or option term. Failure by the Lessee to properly exercise its right to exercise this option will result in an immediate forfeiture of this provision. The option(s) is not severable from this Lease.

At the expiration of the Term, Lessee will vacate and surrender the Demised Premises to the Lessor in accordance with the terms hereof and the Demised Premises shall be in a broom-swept, clean condition, reasonable wear and tear and damage by casualty and elements excepted.

Lessee to receive months 1, 13, 25, 37 and 49, rent free, with the exception of utilities and operating repairs which shall still be borne by the Lessee, per the terms of the Lease. Should Lessee leave, abandon the Demised Premises, or terminate the Lease before the end of the first year, Lessee shall be responsible for the full amount of rent due for months 13 and 25.

## ARTICLE II RENT

## 2.01 RENTAL CALCULATION

The Lessee agrees to pay to Lessor, without demand, set-off or deduction, a fixed minimum rent (the "Rent"), in accordance with the following schedule:

During the first twelve (12) months of this Lease, the Rent shall be as follows:

Rent: \$3,832.50 per month, plus state sales tax of 6%, to the extent required by law

Each monthly installment of Rent shall be payable in advance on or before the first (1st) day of each calendar month of the Term to Lessor at Lessor's offices, currently at 105 NE 3<sup>rd</sup> Street, Fort Lauderdale, Florida 33301, or at such other place as Lessor may from time to time designate in writing to Lessee. If the Commencement Date is not on the first day of a calendar month, Rent

for the period between the Commencement Date and the first day of the following month shall be apportioned on a per diem basis, at a monthly rental rate hereinabove provided, and shall be payable on the Commencement Date. All other sums of money or charges required to be paid by Lessee under this Lease shall be deemed as "Additional Rent" which shall include, but not be limited to, late fees, attorneys' fees or interest charges. Please make all rent payments payable to "105 NE 3<sup>RD</sup> STREET, LLC."

## 2,02 SALES TAX

In addition to the payment by Lessee of the Rent set forth above, to the extent required by law, Lessee shall also pay the amount of any use, excise or sales tax on any rental (as defined by the appropriate governmental entity) and other amounts due upon payments required hereunder, imposed by the State of Florida and any federal, state or local government agency, which taxes and other assessments shall be paid at the same time and in the same manner as each payment of Rent. At the inception of this Lease, said Florida sales and use tax is currently six (6%) percent of gross rent. Notwithstanding the foregoing, Lessee is a Florida municipal corporation and the intended use of the Demised Premises is for governmental purposes. As such the lease of the Demised Premises is exempt from sales or use tax. Accordingly, only to the extent that Lessee is not entitled to an exemption from sales or use tax shall sales or use tax be paid, but then only to the extent applicable.

Should Lessee provide evidence to Lessor that it is an officially recognized tax exempt entity, Lessee shall not be required to pay such taxes.

## 2.03 LATERENT

In the event any installment of Rent or other amount is not paid and received by Lessor within period set forth under the Local Government Prompt Payment Act, § 218.70, et seq. Fla. Stat. (2012) et. seq., said late payment shall bear interest from thirty (30) days after the due date at a rate of one (1.0) percent per month on the unpaid balance in accordance with § 218.74, Florida Statutes (2012).

## 2.04 PROPERTY AND OTHER TAXES

During the Term of this Lease, the Lessee agrees to pay, if and when due, to the extent required by law, the appropriate Florida State sales tax on all rent due and payable as well as all other appropriate taxes and/or special assessments, including annual Broward County personal property assessments, levied and assessed against the Property and all improvements built or placed thereon by Lessee in the Demised Premises, but only to the extent required by law. Lessor shall be responsible for ad valorem taxes assessed against the Property.

#### 2.05 ANNUAL ADJUSTMENT

The annual rent increase shall be three percent (3%), effective as of the 13<sup>th</sup> calendar month of the Lease Term. Rent shall be adjusted annually by multiplying the Rent paid during the preceding year by three percent (3%) and adding that figure to the previous year's Rent.

## ARTICLE III LESSEE USE OF THE PREMISES

## 3.01 USE OF PREMISES

Lessee, its successors and assigns, shall use the Demised Premises exclusively for the sole purpose of medical offices or facilities and rendition of medical services to the Lessee's officers and employees and qualified family members thereof pursuant to Lessee's self-insured group medical insurance program and for no other use or purpose whatsoever, i.e. no retail sales. It is acknowledged between the parties that Lessee shall be providing such professional medical services to its employees through an independent contractor retained by Lessee. Lessee agrees to comply with all laws, ordinances, rules and regulations of applicable governmental authorities respecting the use, operation, and activities of the Demised Premises (including sidewalks, streets, approaches, drives, entrances and Common Areas which serve the Demised Premises), and Lessee shall not make, suffer or permit any unlawful, improper or offensive use of the Demised Premises or the Building or such other areas, or any part thereof, or permit any nuisance thereon, or permit any use on the Real Property that violates any applicable environment law. Lessee shall not make any use of the Demised Premises which would make void or voidable any policy of fire or extended coverage insurance covering the Demised Premises. Lessee shall use the Demised Premises only for the purpose stated in this Lease and shall not have said Demised Premises vacant or suffer or permit any waste or mistreatment thereof. Lessee agrees to abide by any commercially reasonable rules or regulations and all local, state and other applicable laws, which shall not discriminate against Lessee. Lessor shall not be responsible for the non-performance by any other lessee as occupant of the Building of any of said rules and regulations. In case of any conflict between the terms and provisions of any rules and the terms and provisions of the Lease, the terms and provisions of the Lease shall control to the extent of the conflict. There shall be no competing businesses at THE PAGPA BUILDING.

#### 3.02 PARKING AND COMMON AREAS

In addition to the Demised Premises, Lessee shall have the right to use, in common with Lessor, other lessees, and the guests, employees and invitees of same (a) automobile parking areas, driveways and footways, and (b) such other facilities as may be designated from time to time by Lessor, subject to the terms and conditions of this Lease and to reasonable rules and regulations for the use thereof as prescribed from time to time by Lessor. Lessor shall provide adequate lighting for the parking area, the cost of maintenance of same shall be borne by Lessee. Energy costs for said lighting shall be borne by Lessee. Further, Lessor shall maintain the parking area in good condition; provided that Lessor shall have the right at any time and from time to time to change or modify the design and layout of the parking area(s) so long as same does not unreasonably interfere with Lessee's use and enjoyment of the Demised Premises.

The Common Areas shall be subject to the exclusive control and management of Lessor and Lessor shall have the right to establish, modify and change and enforce from time to time commercially reasonable, rules and regulations with respect to the Common Areas so long as such rules are not discriminatory against Lessee; and provided further that such Rules are not in derogation or abrogation of Lessee's rights under the Lease; and Lessee agrees to abide by and conform with such rules and regulations.

The "Common Areas" as referenced herein shall mean all common parking areas, landscaping areas, lighting, delivery areas, utility areas, lobby areas, all corridors shared by more than one lessee and all lavatories shared by more than one lessee.

No portion of the Common Areas shall be used by Lessee, or any agent or employee of Lessee, for any advertising, political campaigning or other similar use, including without limitation, the dissemination of advertising or campaigning leaflets or flyers.

Lessor may from time to time temporarily close portions of the Common Areas for maintenance and repair, and may erect private boundary markers to take such steps as deemed appropriate for that purpose. Such action shall not constitute or be considered an eviction or disturbance of Lessee's quiet possession of the Demised Premises, provided Lessee and its employees shall have reasonable access to the Demised Premises.

## 3.03 NO SMOKING BUILDING

This is a no smoking building. The Florida Clean Indoor Air Act (Chapter 386, Part II, Florida Statutes) mandates that employers develop, implement, and post a policy regarding the designation of smoking and nonsmoking areas. Lessee will request their employees and guests not to smoke any cigarettes, cigars, pipes, or other similar materials inside the building for fire safety and liability insurance reasons. The purpose of the Florida Clean Indoor Air Act is to protect the public health, comfort, and environment by creating areas in public places that are reasonably free from tobacco smoke. Smoking is permitted outside the office in the front hallway areas.

## 3.04 QUIET ENJOYMENT COVENANT

Lessor covenants that so long as Lessee pays the Rent in accordance with the terms and conditions stipulated in this Lease and performs and observes all the other terms, covenants and conditions hereunder, Lessee shall have the right to quietly enjoy and use the Demised Premises for the aforementioned permitted use for the Term of the Lease, subject to the terms and provisions of this Lease, and to any mortgages, ground or underlying leases, agreements and encumbrances to which this Lease is or may become subordinate. In the event Lessor transfers ownership of said Property, Lessee's existing Lease shall continue and be in full force and effect with the new owner/lessor.

## 3.05 ALTERATION TO THE PREMISES AND REMOVAL OF EQUIPMENT

Other than expressly set forth herein, Lessee shall not cut, drill into, disfigure, deface or injure any part of the Demised Premises; nor obstruct or permit any obstruction, alteration, addition, improvement, decoration or installation in the Demised Premises without first obtaining the written permission of Lessor which shall not be unreasonably withheld, and any such alterations to the Demised Premises shall be made solely at Lessee's expense, and in full compliance with all applicable building or other governmentally enacted codes, regulations, ordinance and laws. Further, Lessee shall not make any structural alterations or additions to the Demised Premises. Any and all Lessee improvements completed by Lessee are to be completed in compliance with all applicable building codes and other applicable laws. Upon expiration of the Term, all installations, fixtures, improvements and alterations made or installed by Lessee, including electric lighting fixtures, and all repairs, improvements, replacements and alterations to the Demised Premises made by Lessee, shall remain a part of the Demised Premises, as property of Lessor, except for trade fixtures, unattached movable items that include furniture, equipment, and office supplies which shall be removed at the Lessee's sole cost and expense and without damage to the Demised Premises.

## 3.05. (A) LEASEHOLD IMPROVEMENTS PRIOR TO COMMENCEMENT DATE

Lessor and Lessee, prior to execution of this Lease, have agreed upon a set of Leasehold Improvements to the Demised Premises to be performed by Lessor. Lessor and Lessee have placed their respective initials upon a set of Space Plans prepared by Vernon J. Pierce, A.I.A., who is the Managing Member in Lessor. The terms and conditions for going forward on the Leasehold Improvements by Lessor are attached hereto as Exhibit "C" and the parties agree to proceed in accordance therewith and be bound by the terms thereof.

## 3.06 ADA - GENERAL COMPLIANCE

Lessee, at Lessee's sole expense, shall comply with all laws, rules, orders, ordinances, directions, regulations, and requirements of federal; state, county, and municipal authorities now in force or which may hereafter be in force, which shall impose any duty upon the Lessor or Lessee with respect to the use, occupation, or alteration of the Demised Premises, and that the Lessee shall use all reasonable efforts to fully comply with the American Disability Act.

#### 3.07 LIENS FOR LESSEE WORK

Nothing contained in this Lease shall be construed as consent on the part of Lessor to subject the estate of Lessor to liability under the Construction Lien Law of the State of Florida for Lessee's performance or furnishing of labor, services or materials toward constructed improvements on or to the Real Property or Demised Premises defined herein, it being expressly understood that Lessor's estate shall not be subject to such liability. Lessee shall strictly comply with the Construction Lien Law of the State of Florida as set forth in Florida Statutes Section 713, including. but not limited to, giving written notice to all persons performing services or furnishing materials on its behalf of the terms and conditions of this paragraph. In the event that a construction claim of lien is filed against the Real Property in connection with any work performed by or on behalf of Lessee (except work for which Lessor is responsible), Lessee shall satisfy such claim or shall transfer same to security, so that same is no longer a lien against the Real Property, within fourteen (14) business days from the date of Lessee receiving notice of such filing. In the event that Lessee fails to satisfy or transfer such claim within said fourteen (14) business day period, Lessor may do so and thereafter charge Lessee, as Additional Rent, all costs reasonably incurred by Lessor in connection with satisfaction or transfer of such claim, including reasonable attorneys' fees. If so requested by Lessor, Lessee shall execute a short form or memorandum of this Lease, which may in Lessor's discretion be recorded in the Public Records for the purpose of protecting Lessor's estate from mechanics' claims of lien, as provided in Florida Statutes Section 713.10. Lessor has the right to record the memorandum without execution by Lessee in the event Lessee fails to execute the memorandum within seven (7) days of request.

## 3.08 CONDUCT OF BUSINESS

Lessee agrees to open the Demised Premises for business on the Commencement Date and thereafter, subject to Federal, State or municipal holidays recognized by the City of Fort Lauderdale, throughout the Term of this Lease, continuously or on a regular Monday through Friday basis to use all of the Demised Premises for the purpose or purposes stated in this Lease, diligently carrying on therein Lessee's business undertaking in a dignified manner.

3.09 UTILITIES

Lessee at Lessee's sole cost and expense agrees to establish and pay for all deposits and recurring expenses relative to any and all utilities consumed at the Demised Premises, including, but not limited to, electric, water and sewerage, cable, satellite and internet services and trash and waste removal. As Suites "B" and "C" are not separately metered, the parties have agreed that Lessee shall receive a monthly credit totaling Eighty Dollars (\$80.00) as an equitable adjustment. In the event that Lessee shall rent Suite "A" in addition to Suites "B" and "C" during the term of the Lease, the aforementioned credit shall terminate and Lessee shall pay the entire amounts due and owing for all utilities consumed at the Real Property.

## 3.10 ENVIRONMENTAL PROVISIONS

- 3.10.1 Lessee expressly warrants and represents to Lessor that Lessee will not use or employ upon or within the Demised Premises or Lessor's Real Property store, treat or dispose of any environmental hazardous waste or hazardous substance which is not customarily incidental or accessory to the permitted use under this Lease, whether or not it was generated or produced on the Demised Premises; and Lessee further expressly warrants and represents that any activity on or relating to the Demised Premises shall be conducted in full compliance with all applicable laws. OSHA requires Lessee in the operation of the medical office to have Material Safety Data Sheets ("MSDS") on all substances that could even remotely be construed The MSDS contains 16 sections for each potentially hazardous as potentially harmful. substance, including first aid treatment, accidental release measures, handling and storage, exposure, control and personal protection. Lessee has electronically provided to Lessor MSDS sheets on 100% of the items that are used in the operation of the medical facility, such MSDS sheets having been assembled pursuant to OSHA regulations. Further, red plastic medical waste containers for needles, gauze, dressings and other medical waste are utilized in the operation of the medical facility. Such medical waste is picked upon on a regular basis by Stericycle, our medical waste disposal vendor who is obligation to follow all applicable federal and state laws in terms of disposal of medical waste.
- 3.10.2 Lessee expressly warrants that (1) it is not in violation or subject to any existing, pending or threatened investigation by any governmental authority with regard to any environmental matter respecting the Demised Premises; and (2) it will not use any toxic or hazardous substances on the Real Property without the prior written approval of the Lessor, except as otherwise permitted under 3.10.1 above.
- 3.10.3 Lessee will immediately notify Lessor in writing of all spills or releases of any toxic or hazardous substances, or failure to comply with any local, state or federal law, and all inspections of the Property by any regulatory entity.
- 3.10.4 Lessee shall be responsible for any breach of violations of any of the terms, conditions or covenants in this Section 3.10.

#### 3.11 ASSIGNMENT OR SUBLETTING BUILDING

Lessee shall not assign this Lease, or any rights hereunder, nor let or sublet all or any part of the Demised Premises, nor suffer or permit any person or entity to use any part of the Demised Premises, without first obtaining the express written consent of Lessor, which shall not be unreasonably withheld. For the purposes of this Section 3.11, it is acknowledged and

stipulated between the parties that Lessee will be providing professional medical services to its employees through an independent contractor retained by Lessee and such an independent contractual relationship shall not be deemed an assignment or sublet of all or any part of the Demised Premises. The Lessor can withhold his consent to any proposed assignment or subletting if the proposed transferee's anticipated use of the Demised Premises involves generation, storage, use, treatment or disposal of any toxic or hazardous substances that creates a greater hazardous condition for building or Lessees, or creates greater requirements for ADA compliance than what presently exists under this Lease, then Lessor may in its reasonable discretion without consent to such an assignment or sublease. Should Lessor consent to such assignment of this Lease, or to a sublease of all or any part of the Demised Premises, Lessee and any guarantors of the Lease shall remain liable for all of the obligations of Lessee under this Lease, including, without limitation, the payment of all Rent herein reserved, until the expiration of the Term. No failure of Lessor to promptly collect from any assignee or sublessee, or any extension of the time for payment of Rent, shall release or relieve Lessee or any guarantor from their respective obligations under the Lease and any guaranty.

## ARTICLE IV BUILDING MAINTENANCE

## 4.01 MAINTENANCE OBLIGATIONS

- 4.01.1 Lessee, at Lessee's sole cost and expense, shall repair and maintain in good order and condition the non-structural interior portion of the Demised Premises, including the doors and any plate and window glass, and floor coverings, plumbing, heating, air conditioning, electrical and sewage system, facilities and appliances, interior lighting, bulb and ballast replacement. Lessee shall be responsible for arranging and paying for Lessee's janitorial services.
- 4.01.2 Lessor, at Lessor's sole cost and expense, shall repair and maintain in good order the access gate at the Real Property; however, Lessee shall be responsible for setting the timers relative to Lessee's access requirements and Lessee shall bear the expense for the cost of any new access controllers that Lessee may need from time to time.
- 4.01.3 Relative to the maintenance of the exterior grounds of the Real Property, Lessee shall cut the grass (2x per month) and trim the hedges every other month at Lessee's sole cost and expense. Lessor shall fertilize the grass, hedges and ground cover on a quarterly basis and shall also provide lawn related pest control on a quarterly basis at Lessor's sole cost and expense. Lessor shall also be responsible for the planting and maintenance of the annuals along 3<sup>rd</sup> Street and replace the plant material in those certain rectangular planters located in the building's entryway at Lessor's sole cost and expense.

## 4.02 INSPECTION AND REPAIR

Lessor or its representative shall have the right at any reasonable time to enter upon the Demised Premises for the, purpose of inspection or for the purpose of making or causing to be made any repairs or otherwise to protect its interest, but the right of Lessor to enter, repair or to do anything

else to protect its interest, or the exercise or failure to exercise said right, shall in no way diminish Lessee's obligations or enlarge Lessor's obligations under this Lease, or affect any right of Lessor, or create any duty or liability by Lessor to Lessee or any third party. Lessor shall have the right to show the Demised Premises to a prospective lessee at any time subsequent to the one hundred eightieth (180th) day before the expiration or termination of the Lease, provided Lessee has not properly elected to exercise its option to extend pursuant to the terms and conditions set forth herein.

## ARTICLE V INSURANCE/CASUALTY

#### 5.01 LESSEE INSURANCE

- 5.01.1 Lessee/City is a Florida municipal corporation and is self-insured entitled to all the benefits and protection provided by § 768.28, Florida Statutes, as same may be amended from time to time. Lessee agrees to notify Lessor of amendments to § 768.28, Florida Statutes as they occur. Notice of all and any claims Lessor might have against Lessee shall be made immediately upon Lessee/City. Lessee/City shall process all such claims pursuant to § 768.28, Florida Statutes, as same may be amended from time to time and in accordance with all other applicable laws and ordinances. With respect to workers' compensation, comprehensive general liability, including personal injury and property damage, Lessee/City is self-insured pursuant to the provisions of § 768.28 (16), Florida Statutes, (2012). To the extent Lessee/City fails to remain self-insured in any of the above referenced areas, then Lessee/City agrees to purchase at its own expense and to keep in force during the term of this Lease such policy or policies of workers' compensation and comprehensive general liability insurance, including personal injury and property damage, with contractual liability endorsement, in the amount of One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) aggregate for incidents occurring in, on or about the Demised Premises for which Lessee/City fails to remain self-insured. Said policies shall: (i) name Lessor as an additional insured and insure Lessor's contingent liability under this Lease (except for the worker's compensation policy, which shall instead include waiver of subrogation endorsement in favor of Lessor), (ii) be issued by an insurance company which is acceptable to Lessor and licensed to do business in the State of Florida, and (iii) provide that said insurance shall not be canceled unless thirty (30) days prior written notice shall have been given to Lessor. Said policy or policies or certificates thereof shall be delivered to Lessor by Lessee upon commencement of the term of the Lease and upon each renewal of said insurance.
- 5.01.2 All policies of insurance procured by Lessee shall be issued in form and substance acceptable to the reasonable satisfaction of Lessor by insurance companies with general policyholder's ratings of not less than A and in a Financial Size Category of not less than XII, as rated in the most current available Best's Insurance Reports, or the then equivalent thereof, and licensed to do business in the State of Florida and authorized to issue such policy or policies. All policies of insurance procured by Lessee shall be written as primary policies not contributing with, nor in excess of, coverage that Lessor may carry.
- 5.01.3 All insurance required to be procured by Lessee shall name Lessor as additional insured, and each such policy shall contain an endorsement that each of Lessor, although named as an additional insured, nevertheless shall be entitled to recover under said policies for any loss or damage occasioned to it, its agents, employees, contractors, directors, shareholders, partners and principals by reason of the negligence or tortuous acts of Lessee, its servants, agents, employees, and contractors. All policies of insurance procured by Lessee shall contain endorsements providing as follows: (a) that such policies may not be materially changed, amended, reduced, canceled or allowed to lapse with respect to

Lessor or Lessor's mortgagee except after thirty (30) days' prior written notice from the insurance company to each, sent by certified mail, return receipt requested; and (b) that Lessee shall be solely responsible for the payment of all premiums under such policies and that Lessor shall have no obligation for the payment thereof notwithstanding that Lessor is or may be named as an additional insured.

- 5.01.4 If Lessee shall at any time neglect to maintain the insurance coverage as herein required, Lessor may, at its election, and not less than fourteen (14) days after giving Lessee prior written notice of its intent to do so, procure or renew such insurance and the amount so paid therefor by Lessor, including reasonable expenses, shall be Additional Rent due to Lessor from Lessee and shall be payable on the next Rent payment date after such payment.
- 5.01.5 Lessee shall not violate or permit the violation of any condition imposed by any fire insurance, other casualty insurance or liability insurance policy carried by Lessor or Lessee with respect to the Demised Premises or Building, and shall not do or permit anything to be done, or keep or permit anything to be kept in the Demised Premises which may: (a) subject Lessor to any liability or responsibility for the personal injury or death of any person or any property damage; (b) increase the fire, other casualty or liability insurance rates on the Demised Premises or Building above the rate which would otherwise then be in effect; or (c) result in insurance companies of good standing refusing to insure the Demised Premises or Building in amounts reasonably satisfactory to Lessor. If for any reason Lessee or anyone claiming by, through or under Lessee fails to comply with the foregoing provision and the rate of any insurance policy on the Demised Premises or the Building shall be higher than it otherwise would be, Lessee shall reimburse Lessor on demand for that part of the premium or premiums for insurance coverage paid by Lessor because of such failure to comply on the part of Lessee in addition to any other remedies which Lessor may have pursuant to this Lease, such reimbursement shall be deemed Additional Rent.
- 5.01.6 Waiver of Subrogation. Each of the Lessor and Lessee hereby releases the other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for any loss or damage to property caused by fire or any other perils insured in policies of insurance for any loss or damage to property caused by fault or negligence covering such Real Property or Building, even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for which such party may be responsible, including any other Lessees or occupants of the remainder of the Building in which the Demised Premises are located; provided however, that this release shall be applicable and in force and effect only to the extent that such release shall be lawful at the time and in any event only with respect to loss or damage occurring during such time as the releasor's policies shall contain a clause or endorsement to the effect that any such release shall not adversely affect or impair said policies or prejudice the right of the releasor to coverage thereunder and then only to the extent of the insurance proceeds payable under such policies. Each of Lessor and Lessee agrees that it will request its respective insurance carriers to include in its policies such a clause or endorsement. If extra costs shall be charged therefore, each party shall advise the other thereof and of the amount of the extra cost and the other party, at its election, may pay the same, but shall not be obligated to do so. If such other party fails to pay such extra cost, the release provisions of this paragraph shall be inoperative against such other party to the extent necessary to avoid invalidation of such releasor's insurance.

## 5.02 LESSOR INSURANCE

Lessor agrees that it shall maintain continuously during the Term of this Lease (1) general liability insurance against claims for injury to persons or property occurring in, on, or about the PAGPA BUILDING property; and (2) fire, casualty, and extended coverage insurance on the

building in an amount estimated to be full replacement value by a company authorized to engage in business in the state of Florida.

## 5.03 CASUALTY - DEMISED PREMISES OR BUILDING

In the event the Demised Premises or Building are rendered untenanteable by fire or other major casualty, Lessor shall have the option of terminating this Lease or rebuilding the Demised Premises or Building and in such event written notice of the election by Lessor shall be given to Lessee within fifteen (15) days after the occurrence of such casualty and the Lessee shall have the option to cancel the existing lease. In the event Lessor elects to not terminate this Lease, the Demised Premises or Building shall, within a reasonable time after receipt of insurance proceeds, provided same are sufficient to cover the cost and be restored to substantially its former condition (not including any of Lessee's improvements). During periods of premises casualty, payment of a proportionate part of the Rent, Additional Rent or other sum due hereunder from Lessee to Lessor shall abate. Lessor shall not be obligated to rebuild the Lessee's improvements. In the event Lessor elects to terminate this Lease, Rent shall be applied to and adjusted as of the date of such casualty, and the Term shall then expire and this Lease shall be of no further force or effect, Lessor shall be entitled to sole possession of the Demised Premises and Lessor shall not be obligated to reimburse the Lessee for the value or cost of its improvements. If any damage is caused by the negligence of Lessee or its employees, the damages shall be repaired by Lessor, upon receipt of the insurance proceeds, but there shall be no abatement of rent.

## 5.04 INTERRUPTION OF SERVICES

Lessor reserves the right to interrupt, curtail or suspend the elevator (if any), electrical or air conditioning services to be furnished by Lessor when necessary by reason of emergency, electrical power loss or surge, mechanical breakdown, or when required by any law, order or regulation of any Federal, State, County or Municipal authority, or for any other cause beyond the reasonable control of Lessor. Lessor shall use due diligence to complete all required repairs or other necessary work as quickly as possible so that Lessee's inconvenience resulting therefrom may be for as short a period of time as circumstances will permit. No diminution or abatement of Rent or other compensation shall or will be claimed by Lessee as a result therefrom, nor shall this Lease, or any of the obligations of Lessee, be affected or reduced by reason of such interruption, curtailment or suspension.

## 5.05 INDEMNITY

Lessee/City, a Florida municipal corporation, is self-insured pursuant to the provisions of § 768.28 (16), Florida Statutes (2012). To the extent of the limitations of the legislative waiver of sovereign immunity, as set forth in § 768.28, Florida Statutes, as same may be amended from time to time, and no further, Lessee covenants and agrees that it will protect and save and keep Lessor forever harmless and indemnified against and from any penalty or damage or charges claimed or imposed for any violation of any laws, ordinances, rules or regulations whether occasioned by the neglect of Lessee or those holding under Lessee or by the occupancy and business of Lessee; against and from any and all loss, cost, damage or expense including, without limitation, attorneys' fees through and including all trial and appellate levels, arising out of or from any accident or other occurrence, due to the acts or omissions of neglect of Lessee, or its employees, invitees or agents, on or about the Demised Premises, the Common Areas or the Building, causing injury to any person whomsoever or damage to property whatsoever; and, against and from any and all claims and against and from any and all loss, cost, damage or expense arising out of the operation or possession of the Demised Premises, Common Areas or the Building and any

failure of Lessee in any respect to comply with and perform all of the requirements and provisions of this Lease or any other business of Lessee. This indemnity shall apply to all losses including attorney fees as costs whether taxable or not. Lessee agrees to notify Lessor of any amendments to § 768.28, Florida Statutes as they occur.

Lessee hereby indemnifies, to the extent of the limitations of the legislative waiver of sovereign immunity, as set forth in § 768.28, Florida Statutes, as same may be amended from time to time, and no further, and holds Lessor harmless, and Lessor shall not be liable to Lessee, or to anyone claiming under or through Lessee, for any loss or damage which may be occasioned by any event occurring as a result of Lessor's negligence, or any of its agents, servants, representatives or employees, without limitation, fire or water, deluge or overflow, bursting, leaking or running over of water pipes, plumbing or fixtures, gas, steam, sewerage, wiring or other apparatus or by rain or other water being or coming upon the Demised Premises, the Common Areas or the Building, other than loss or damage resulting from the gross negligence or intentional wrongdoing of Lessor.

Any liability of Lessor to Lessee under this Lease is and shall be limited to Lessor's equity interest in the Building. Lessor, its officers, directors, shareholders, agents, employees, independent contractors and/or partners are not and shall not be personally liable to Lessee for any of the obligations of Lessor under this Lease.

## 5.06 FORCE MAJEURE

In the event that either party to this Lease shall be delayed or hindered in, or prevented from, the performance of any act required to construct, repair, or rebuild the Demised Premises by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, hurricane, or other reason of a like nature which is not the fault of the party so delayed in performing acts required under the terms of this Lease, then performance of such act shall be excused for the period of the delay, and the period for the performance of any such delayed act shall be extended for a period equivalent to the period of such delay.

#### 5.07 NOTICE TO LESSOR OF CASUALTY

Lessee agrees to give Lessor immediate prompt written notice of any accident, fire, burglary, theft, or damage occurring on or to the Demised Premises.

## ARTICLE VI LESSEE SUBORDINATION

## 6.01 MORTGAGE SUBORDINATION

All rights and interests of Lessee hereunder are and shall be and remain subject, subordinate and inferior to all mortgages, liens, easements, encumbrances, ground or underlying leases, restrictions or covenants heretofore given and encumbering the Real Property or any part thereof, and shall likewise be subordinate and inferior to all renewals, and extension of any such mortgage, lien, easement, lease, encumbrance, restriction or covenant, and the right of the holder of any such mortgage shall at all

times be and remains prior and superior to all rights and interests of Lessee. This provision shall operate as a subordination agreement with respect to all such mortgages and all renewals, and extensions thereof. If the holder of any such mortgage or any person, firm or corporation agreeing to make a loan secured by a mortgage on the Demised Premises shall require confirmation of any subordination for which provision is herein made or a separate subordination agreement with respect to any mortgage transaction, Lessee shall execute and return such confirmation or subordination agreement in the form required by such lender within five (5) business days of receiving said form. In the event that Lessee shall fail to timely execute and return same, Lessee hereby appoints and empowers Lessor to execute same on its behalf. Execution of same shall not diminish or affect the liability of Lessee hereunder or of any other party responsible for or guaranteeing the obligations of Lessee under this Lease.

#### 6.02 ATTORNMENT

In the event of the sale, transfer or assignment of Lessor's interest in this Lease and/or the Demised Premises or Real Property, or in the event any proceedings are brought for the foreclosure of or for the exercise of any power of sale under any mortgage on the Demised Premises or Real Property, Lessee shall attorn to the respective transferee, assignee or purchaser and recognize such party as Lessor under this Lease.

#### 6.03 JOINDERS

The Lessee hereby agrees to join in any and all documents pertaining to the Demised Premises and/or Real Property which are reasonably requested by Lessor including, but not limited to, land use plan amendments, zoning applications, and all other permits, applications and/or documents, to be filed with any governmental and/or quasi-governmental authorities with respect to the development and/or redevelopment of all or any portion of the Demised Premises or Real Property, ("Joinders") provided that such Joinder shall not unreasonably impede Lessee's right of Quiet Enjoyment, as heretofore provided. The Lessor agrees that the Lessee shall not be required to incur any costs with respect to such Joinders. In the event that Lessee elects to have its counsel review such documents, such review shall be done at the cost and expense of Lessee.

## 6.04 CONDEMNATION

If the whole of the Real Property or the Demised Premises is condemned or taken in any manner for any public or quasi-public use or, less than the whole of the Real Property or Demised Premises is condemned or taken and it is not, in Lessor's judgment, economically feasible to continue to operate the remaining portion of the Real Property or Demised Premises, then Lessor shall have the option to terminate the Lease as of the date of vesting of title in such governmental entity. In the event of any condemnation or taking, Lessor will be entitled to receive Lessor's entire award in the condemnation proceeding. Lessee will, however, be entitled to separately claim, prove and receive in such condemnation proceeding such award as may be allowed for Lessee's leasehold interest in the Real Property, including trade fixtures, alterations and improvements constructed by or for Lessee, at its sole cost and expense (amortized over the balance of the Term) but only if such award is in addition to the award payable to Lessor as set forth above.

#### **DEFAULT**

## 7.01 EVENTS OF LESSEE

Upon the happening of one or more of the events as expressed below in (a) to (h), inclusive (individually or collectively, "Event of Default"), Lessor shall have any and all rights and remedies hereinafter set forth:

- (a) In the event Lessee should fail to pay any monthly installment of Rent or any other sums required to be paid hereunder, within the time set forth in Section 2.03 hereof on Late Rent.
- (b) In the event a petition in bankruptcy (including Chapter X and Chapter XI bankruptcy proceedings or any other reorganization proceedings under the Bankruptcy Act) be filed by Lessee, or be filed against Lessee, and such petition is not dismissed within sixty (60) days from the filing thereof, or in the event Lessee is adjudged bankrupt.
  - (c) In the event an assignment for the benefit of creditors is made by Lessee.
- (d) In the event of an appointment by any court of a receiver of other court officer or Lessee's property and such receivership is not dismissed within forty five (45) days from such appointment.
- (e) In the event Lessee removes, attempts to remove, or permits to be removed from the Demised Premises, except in the usual course of trade, the goods, furniture, effects or other property of Lessee brought thereon.
- (f) In the event Lessee, before expiration of the Term hereof and without the written consent of Lessor, vacates the Demised Premises or abandons the possession thereof, or uses the same for purposes other than the purposes for which the same are hereby leased, or ceases to use the Demised Premises continuously during regular business hours of the Property for the purposes herein expressed.
- (g) In the event an execution or other legal process is levied upon the goods, furniture, effects or other property of Lessee brought on the Leased Premises, or upon the interest of Lessee in this Lease, and the same is not satisfied or dismissed within fourteen (14) business days from this levy.
- (h) In the event Lessee fails to keep, observe or perform any of the other terms, conditions or covenants on the part of Lessee herein to be kept, observed and performed other than payments under Section 2.03 hereof, for more than twenty (20) days after written notice thereof is given by Lessor to Lessee specifying the nature of such default, or if the default so specified shall be of such a nature that the same cannot reasonably be cured or remedied within said twenty (20) day period, if Lessee shall not in good faith have commenced the curing or remedying of such default within such twenty (20) day period and shall not thereafter continuously and diligently proceed therewith to completion.

## 7.02 REMEDIES OF LESSOR

In the event of any such default as above set forth, Lessor shall, after three (3) business days written notice to Lessee in the event of a monetary default after the period set forth in Section 2.03 hereof or seven (7) days written notice to Lessee in the event of a non-monetary default, then Lessor, in any such event(s), shall have the right and option to:

1. Accelerate Rent payments due or to become due at the adjusted rate applicable during the period which the default occurs,

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- 2. Terminate this Lease, resume possession of the Demised Premises for its own account and recover immediately from Lessee the difference between the Rent for which provision is made in this Lease and fair rental value of the Demised Premises for the remainder of the Term, together with any other damage occasioned by or resulting from the abandonment or a breach or default other than a default in the payment of Rent;
- 3. Resume possession and re-let the Demised Premises for the remainder of the Term for the account of Lessee and recover from Lessee, at the end of the Term or at the time each payment of Rent becomes due under this Lease, as the Lessor may elect, the difference between the Rent and the rent actually received on the re-letting, together with all costs and expenses of Lessor in connection with such re-letting and the collection of rent and the cost of all repairs or renovations reasonably necessary in connection with the re-letting. If the foregoing option is exercised, then Lessor shall also be entitled to immediately recover from Lessee any other damages occasioned by or resulting from the abandonment or a breach or default other than a default in the payment of Rent. The remedies for which provision is made in this paragraph shall not be exclusive and in addition thereto Lessor may pursue such other remedies as are provided by law or in equity in the event of any breach, default or abandonment by Lessee.

Lessee, to the extent permitted under applicable law, hereby expressly waives any and all rights of redemption, if any, granted by or under any present or future law in the event Lessee shall be evicted or dispossessed for any cause, or in the event Lessor shall obtain possession of the Demised Premises by virtue of the provisions of this Lease, or otherwise.

Without limiting the generality of the Lessor's remedies, the Lessor shall have the right, but not the obligation, to advance sums to cure a default by the Lessee hereunder, which sums, together with interest thereon (as set forth below), shall be immediately due and payable as additional rent. Any and all sums due under this Lease from Lessee to Lessor and not paid on the due date shall bear interest from due date at the highest rate then allowable by law until fully paid, giving credit for applicable late charge paid.

Lessee hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Lessee being evicted or dispossessed for any cause, or in the event of Lessor obtaining possession of the Demised Premises, by reason or violation by Lessee of any of the covenants or conditions of this Lease, or otherwise.

## 7.02 WAIVER OF RIGHT TO JURY TRIAL

Lessee waives the right to trial by jury in any summary proceeding that may be instituted against it or any action that may be brought to recover Rent hereunder.

#### 7.03 WAIVER OR ESTOPPEL

The failure of Lessor to insist, in any one or more instances, upon strict performance of any covenants or agreements of this Lease, or exercise any option of Lessor herein contained, shall not be construed as a waiver or relinquishment for the future enforcement of such covenant, agreement or option, but the same shall continue and remain in full force and effect.

## 7.04 HOLDING OVER

If the Lessee retains possession of the Demised Premises or any part thereof after the termination of the Term of any extension thereof, by lapse of time or otherwise, the Lessee shall pay the Lessor rent at double the then current rate, for the time the Lessee remains in possession. The provisions of this paragraph shall not be deemed to be a waiver of Lessor's rights of reentry or any other right hereunder. Any retention of the Demised Premises after the termination of this Lease or any extension thereof shall be considered as a "month-to-month" holdover unless otherwise agreed to in writing by both parties.

#### 7.05 DEPOSITS AND ADVANCES

Paragraph 7.05 is intentionally stricken as no security deposit is required of Lessee.

## ARTICLE VIII APPLICABLE LAW AND NOTICES

## 8.01 APPLICABLE LAW

This Lease is for real estate located within the City of Fort Lauderdale in Broward County, Florida and shall be governed and construed in accordance with the applicable law of said state, and venue with respect to any litigation shall be Broward County, Florida.

#### 8.02 NOTICES

All notices, demands, or other communications required or contemplated by this Lease shall be in writing and shall be delivered in person or by United States Certified Mail, Return Receipt Requested, postage prepaid, addressed to the party to whom such notice is directed at the addresses set forth in the first paragraph of this Lease or as otherwise advised in writing between the parties. By giving at least seven (7) days' prior written notice to the other party, either party may change its address for notice purposes hereunder.

## 8.03 ESTOPPEL CERTIFICATE

Lessor and Lessee each agree, as reasonably requested by the other party, to execute and deliver to the other, within ten (10) days of receipt of the request therefore, a statement certifying (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, stating the modifications and that the Lease is in full force and effect as modified), (ii) certifying the dates to which the Rent has been paid, and (iii) stating whether or not, to the best knowledge of the signer, the other party is in breach in the performance of any of its obligations under this Lease, and if so, specifying each such breach of which the signer has knowledge, it being intended that any such statement delivered pursuant hereto may be relied upon by others with whom the party requesting such certificate may be dealing.

## 8.04 BINDING EFFECT

The conditions, covenants and agreements contained in this Lease shall bind and inure to the benefit of Lessor and Lessee and their respective heirs, distributees, successors and except as otherwise provided in this Lease, their assigns, or sublessees.

## 8.05 JOINT PREPARATION

This Agreement shall not be construed more strictly against either party by virtue of the preparation hereof because both have reviewed and discussed the Lease prior to its execution and Lessee has been advised to seek the advice of independent legal counsel with respect to this Lease.

## 8.06 EFFECT OF INVALIDITY OF ANY PROVISION

If any provision or provisions of this Lease should be held to be invalid or unenforceable by any court of competent jurisdiction, such ruling shall not affect the validity or enforceability of the remainder of this Lease and the Lease, except as so modified, shall remain in full force and effect.

#### 8.07 ATTORNEY'S FEES

If there shall be any litigation arising out of this Lease, the prevailing party shall be entitled to recover all of its reasonable attorneys' and reasonable paralegals' fees and costs incurred up to and including all trial and appellate levels and all post-judgment proceedings. This provision shall survive the expiration or sooner termination of this Lease.

## 8.08 RADON DISCLOSURE

In accordance with the requirements of Florida Statutes, Section 404.056(8), the following notice is hereby given to Lessee:

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.

## 8.09 RECORDATION OF MEMORANDUM OF LEASE

A Memorandum of Lease, to be executed by both parties contemporaneous with the execution of this Lease, shall be recorded by Lessee, at Lessee's expense, in the Public Records of Broward County, Florida as soon as practicable after execution of the Lease.

## 8.10 TIME PERIODS

Time shall be of the essence as to all time periods set forth in this Agreement.

## 8.11 BROKER INDEMNIFICATION:

Each party hereto represents and warrants unto the other party hereto that the Brokerages involved in the lease are Roland Hodges and Sons, representing the Lessor and Berger Commercial, representing the Lessee. Said Brokerages shall be compensated by Lessor, per separate agreement, due as a result of the parties respective executions of this Lease. Each party shall be liable to the other for damages resulting from the breach of any representation or warranty as set forth in this paragraph. The provisions of this Paragraph shall survive the expiration or sooner termination of this Lease.

## 8.12 OFFER AND ACCEPTANCE

In order for this Lease to be binding upon both parties, it must be executed, first, by the Lessor. Upon execution by the Lessor, this Lease shall be deemed to be in an "offer" stage. Upon execution by the Lessee, the Lease will be presented to Lessee's City Commission for authorization for the proper City officials to counter-execute. Lessor may withdraw the offer of Lease any time prior to the City Commission authorizing execution of the Lease by the proper City officials. Upon the City Commission's authorization for execution of the Lease by the proper City officials, the "offer" of Lease shall be deemed "accepted" and the parties shall be bound by the terms thereof, subject to counter-execution by the property City officials.

## **8.13 ENTIRE AGREEMENT**

Lessee agrees that Lessor, its employees and agents have not made any statement, promise or agreement, or taken upon itself any engagement whatsoever, verbally or in writing, in conflict with the terms of this Lease, or in which any way modifies, varies, alters, enlarges or invalidates any of its provisions. This Lease sets forth the entire understanding between Lessor and Lessee, and shall not be changed, modified, or amended except by an instrument in writing signed by the party against whom the enforcement of any such change, modification or amendment is sought. Whenever used the singular number shall include the plural and the singular and the use of any gender shall include all genders. The headings set forth in this Lease are for ease of reference only, and shall not be interpreted to modify or limit the provisions hereof.

## 8.14 RIGHT OF FIRST REFUSAL AS TO SUITE "B"

In the event Suite "B" should become available for Lease, the parties agree to negotiate in good faith each with the other in an attempt to expand this Lease to include Suite "B". To that end, Lessee shall have the right to "match" any other good faith offer by a third party to Lease Suite "B". Lessee shall have a period of seven (7) calendar days to elect to "match" the other good faith offer. In the event Lessee agrees to "match" such good faith offer within the period set forth above, Lessee shall thereafter seek authorization to execute such Lease from Lessee's City Commission on the next available agenda.

## 8.15 EXECUTION OF LEASE

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be executed as required by the law on the day and year first above written.

WITNESS AS TO LESSOR:

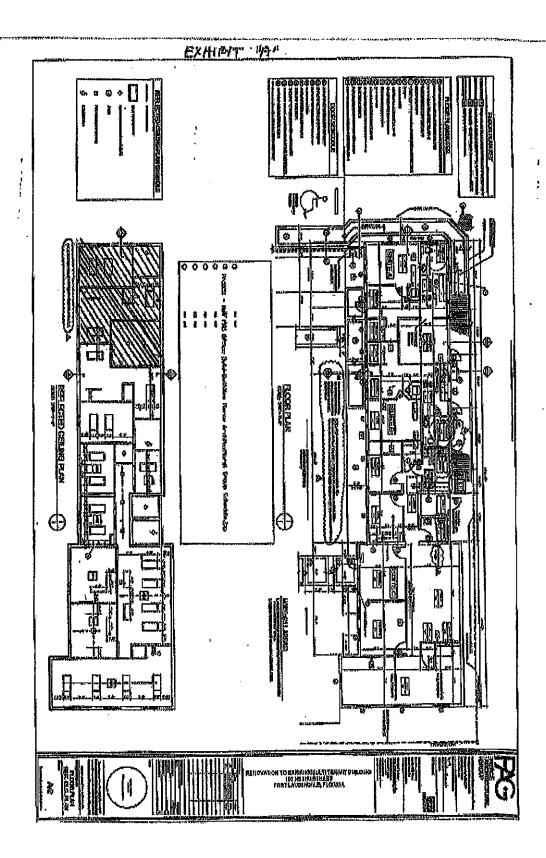
Signed and delivered in the presence of:

105 NE 3<sup>rd</sup> STREET, LLC, a Florida limited liability company

| Mere Sand Shuster                       | Bu la and turn   |
|---|--|
| / (enesux shuster                       | By: Vernon Pierce, Managing Member   |
| Print name MEREDITH SHUSTER             |  |
| Spent B Devel                           |  |
| Print name To 3828 B. Dusace            | ·  |
| STATE OF FLORIDA:<br>COUNTY OF BROWARD: |  |
| )) ) joiled , 2013, by 1/82             | was acknowledged before me this <u>18</u> day of 200 Present Mindre 180 of 105 NE 3 <sup>rd</sup> STREET, LLC  |
| a Florida limited liability company.    | le is personally known to me or has produced as identification and did not (did) take an oath.   |
| (SEAL)                                  | The & B Dung   |
| مرم<br>قرم                              | Notary Public, State of Florida (Signature of Notary Titing Acknowledgment)  ROBERT B. DUNCK BL  ROBERT B. DUNCK BL  ROBERT S. ONMARSSION # DD7/98321  |
|   | MY COMMISSION 16, 2012  Marine of Motory of Marine of Ma |
| ~                                       | My Commission Expires:   |
| ·                                       | Commission Number  |
|   |  |
| WITNESS AS TO LESSEE:                   | THE CITY OF FORT LAUDERDALE, a municipal corporation   |
| •                                       |  |
|   | Ву   |
|   | John P. "Jack" Seiler, Mayor   |
| [Witness type or print name]            |  |
|   | Ву   |
|   | Lee R. Feldman, City Manager   |
| [Witness type or print name]            | ATTEST:  |
| (CORPORATE SEAL)                        |  |
|   | Jonda K. Joseph, City Clerk  |

|  | Approved as to form:  |  |
|--|---|--|
|  |   |  |
|  | Assistant City Attorney   |  |
| STATE OF FLORIDA:<br>COUNTY OF BROWARD:  |   |  |
| The foregoing instrument , 2013, by JOHN P. " LAUDERDALE, a municipal corporation of Florida. oath.  | was acknowledged before me this JACK" SEILER, Mayor of the CITY OF FORT. He is personally known to me and did not take an |  |
| (SEAL)   | Notary Public, State of Florida (Signature of Notary taking Acknowledgment)   |  |
|  | Name of Notary Typed, Printed or Stamped  |  |
|  | My Commission Expires:  |  |
|  | Commission Number   |  |
| STATE OF FLORIDA: COUNTY OF BROWARD:  The foregoing instrument was acknown 2013, by LEE R. FELDMAN, City Manager of the corporation of Florida. He is personally known to me | e CITY OF FORT LAUDERDALE, a municipal  |  |
| (SEAL)   | Notary Public, State of Florida (Signature of Notary taking Acknowledgment)   |  |
|  | Name of Notary Typed, Printed or Stamped  |  |
|  | My Commission Expires:  |  |
|  | Commission Number   |  |

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## **EXHIBIT "B"**

#### PAGPA BUILDING RULES AND REGULATIONS

- The sidewalks, entrances, passages, courts, vestibules, corridors or halls shall not be obstructed or encumbered or used for any purpose other than ingress and egress to and from the Demised Premises.
- 2. No awnings or other projections shall be attached to the outside walls of the Building without the Lessor's prior written consent. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Demised Premises, without the prior written consent of the Lessor. Such awnings, projections, curtains, blinds, shades, screens or other fixtures must be of a quality, type, design and color, and attached in the manner approved by the Lessor.
- 3. No sign, advertisement, notice of other lettering shall be exhibited, inscribed, painted or affixed on any part of the outside or inside of the Demised Premises or Building without the Lessor's prior written consent. In the event of the violation of the foregoing, Lessor may remove same without any liability, and may charge the expense incurred by such removal to the Lessee or Lessees violating this rule. Interior signs on doors and directory tablet shall be inscribed, painted or affixed for each Lessee by the Lessor at the Lessee's expense.
- 4. The windows and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by any Lessee, without Lessor's Authorization.
- 5. No show cases or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the halls, corridors or vestibules without the prior written consent of the Lessor.
- 6. The toilets and urinals and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags, or other substances shall be thrown into them. All damages resulting from any misuse of the fixtures by Lessee or any of its servants, employees, agents, visitors or licensees shall be borne by the Lessee. Waste and excessive or unusual use of water shall not be allowed.
- 7. No Lessee shall mark, paint, drill into, or in any way deface any part of the Demised Premises or the Building of which they form a part. No boring, cutting or stringing of wires shall be permitted, except with the prior written consent of the Lessor, and as the Lessor may direct. The expense of any breakage, stoppage or damage resulting from a violation of this Rule shall be borne by the Lessee who has caused such breakage, stoppage or damage.

- No bicycles, vehicles or animals of any kind shall be brought into or kept in or about the Demised Premises and no cooking shall be done or permitted by any Lessee on said Demised Premises. No Lessee shall cause or permit any unusual or objectionable odors to be produced upon or permeate from the Demised Premises. Bicycles and automobiles shall be parked properly in the designated parking areas of the Real Property.
- 9. No space in the Building shall be used for manufacturing, for the storage of merchandise, or for the sale of merchandise, goods or property of any kind.
- 10. No Lessee shall make, or permit to be made, any unseemly disturbing noises or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them. No loud speakers, televisions, phonographs, radios, tape players or other devices shall be used in a manner so as to be heard or seen outside the Demised Premises. No Lessee shall throw anything out of the doors, windows or skylights or down the passageways.
- 11. No Lessee, nor any of Lessee's servants, employees, agents, visitors or licensees, shall at any time bring or keep upon the Demised Premises any flammable, combustible or explosive fluid, chemical or substance.
- 12. No additional locks or bolts of any kind shall be placed upon any of the doors or windows, nor shall any changes be made in existing locks or the mechanism thereof. Each Lessee must, upon the termination of this Lease, return to the Lessor all keys of stores, offices and toilet rooms, either furnished to, or otherwise procured by such Lessee, and in the event of the loss of any keys as furnished, the Lessee shall pay to the Lessor the cost thereof. Neither Lessees, nor their agents or employees shall have any duplicate keys made.
- 13. All freight must be moved into, within and out of the Building under the Lessor's supervision and according to such regulations as may be established by Lessor, but Lessor will not be responsible for loss of or damage to such freight from any cause (office furniture is not freight).
- 14. When electrical wiring of any kind is introduced it must be connected as directed by the Lessor and no boring or cutting for wires will be allowed except with the Lessor's consent. The location of telephones, telegraph instruments, electric appliances, call boxes, etc., shall be approved by the Lessor. No apparatus of any kind shall be connected with the electric wiring without the written consent of the Lessor. The Lessees agree not to use or connect with the electric wires any more lights than are provided for in each room, or any electric lamp of higher candlepower than provided, or any fan, motor or other apparatus with the Lessor's written consent. Lessee shall not install, operate or maintain in the Demised Premises any electrical equipment which would overload the electrical system or any part thereof beyond its capacity for proper and safe operation as reasonably determined by Lessor. The Lessees agree not to connect with the water pipes any apparatus using water, without the written consent of the Lessor.
- 15. Lessor shall prescribe the weight, size and position of all safes and other heavy property brought into the Building, and also the times of moving the same in and out of the Building; and all such moving must be done under the Lessor's supervision. The Lessor will not be responsible for any loss of or damage to any such safe or property from any cause; but all damage done to the Building by moving or maintaining such safe or property shall be repaired at the expense of Lessee. All safes shall stand on timbers of such size as shall be designated

by Lessor.

- 16. Lessor shall have the right to prohibit any advertising by any Lessee which, in Lessor's opinion, tends to impair the reputation of the Building or its desirability as a Building for offices, and upon written notice from Lessor, Lessee shall refrain from or discontinue such advertising.
- 17. Lessees shall not employ any janitor other than as may be approved by Lessor for the purpose of cleaning in the Demised Premises. All garbage and refuse shall be kept in the kind of container reasonably acceptable to Lessor. Lessee shall be fully responsible for trash and garbage removal from the Demised Premises, and agrees to keep the Demised Premises free of, all trash, garbage and litter. Lessee shall keep and maintain the interior and exterior portions of the Demised Premises in a neat and clean condition.
- 18. The premises shall not be used for lodging or sleeping or for any immoral or illegal purpose.
- 19. Canvassing, soliciting and peddling in the Building or surrounding area is prohibited and each Lessee shall cooperate to prevent the same.
- 20. The Lessor may waive or modify any one or more of these rules for the benefit of any particular Lessee of said Building, but no such waiver by the Lessor of any such rules shall be construed as a waiver or modification of such rule in favor of any other Lessee or Lessees of said Building, nor prevent the Lessor from thereafter enforcing any such rule against any or all of the Lessees of said Building.
- 21. Lessor reserves the right to make such other and further rules and regulations as in its judgment may from time to time be necessary for the safety and cleanliness of, and for the preservation of good order in the Building, mail and parking lot area. If a segment of the parking lot is designated for use by Lessee and its employees. Lessee will cooperate with Lessor in having its employees only park therein.

## EXHIBIT C

# LEASEHOLD IMPROVEMENTS BY LESSOR

## LESSEE FINISH-WORK: LESSOR BUILDS TO PLANS

- 1. <u>Acceptance of Premises</u>. Except as set forth in this Exhibit, Lessee accepts the Premises in their "<u>AS-IS</u>" condition on the date that this Lease is entered into.
- 2. <u>Space Plans</u>. On or before the execution of this Lease, Lessor has delivered to Lessee a space plan depicting improvements to be installed in the Premises, which plans were prepared by Vernon J. Pierce, A.I.A. and dated March 18, 2013 (the "<u>Space Plans</u>"), initialed copies of which are each in the possession of Lessor and Lessee.

## 3. Working Drawings.

- (a) <u>Preparation and Delivery</u>. On or before the date which is 5 business days following the date on which this Lease is fully executed by both Lessor and Lessee, Lessor shall cause to be prepared final working drawings of all improvements to be installed in the Premises and deliver the same to Lessee for its review and approval (which approval shall not be unreasonably withheld, delayed or conditioned). Such working drawings shall be prepared by Lessor at Lessor's cost and expense. The working drawings shall be provided to Lessee by Lessor at Lessor's expense, with the exception of engineering costs.
- Approval Process. Lessee shall notify Lessor whether it approves of the submitted working drawings within five (5) business days after Lessor's submission thereof. If Lessee disapproves of such working drawings, then Lessee shall notify Lessor thereof specifying in reasonable detail the reasons for such disapproval, in which case Lessor shall, within three business days after such notice, revise such working drawings in accordance with Lessee's objections and submit the revised working drawings to Lessee for its review and approval. Lessee shall notify Lessor in writing whether it approves of the resubmitted working drawings within one business day after its receipt thereof. This process shall be repeated until the working drawings have been finally approved by Lessor and Lessee. If Lessee fails to notify Lessor that it disapproves of the initial working drawings within five (5) business days (or, in the case of resubmitted working drawings, within two business days) after the submission thereof, then Lessee shall be deemed to have approved the working drawings in question. Any delay caused by Lessee's unreasonable withholding of its consent or delay in giving its written approval as to such working drawings shall constitute a Lessee Delay Day (defined below). If the working drawings are not fully approved (or deemed approved) by both Lessor and Lessee by the twelfth (12) business day after the delivery of the initial draft thereof to Lessee, then each day after such time period that such working drawings are not fully approved (or deemed approved) by both Lessor and Lessee shall constitute a Lessee Delay Day.
- (c) <u>Lessor's Approval; Performance of Work</u>. If any of Lessee's proposed construction work will affect the Building's Structure or the Building's Systems, then the working drawings pertaining thereto must be approved by the Building's engineer of record. Lessor's approval of such working drawings shall not be unreasonably withheld, provided that (1) they comply with all Laws, (2) the exterior appearance of the Building, or the appearance of the Building's common areas (3) such working drawings are sufficiently detailed to allow construction

of the improvements in a good and workmanlike manner, and (4) the improvements depicted thereon conform to the rules and regulations promulgated from time to time by Lessor for the construction of Lessee improvements (a copy of which has been delivered to Lessee). As used herein, "Working Drawings" shall mean the final working drawings prepared by the Lessor and approved by Lessor, as amended from time to time by any approved changes thereto, and "Work" shall mean all improvements to be constructed by Lessor in accordance with and as indicated on the Working Drawings. Lessee shall, at Lessor's request, sign the Working Drawings to evidence its review and approval thereof. After the Working Drawings have been approved, Lessor shall cause the Work to be performed in substantial accordance with the Working Drawings, using contractors and subcontractors selected by Lessor.

- 4. Change Orders. Lessee may initiate changes in the Work. Each such change must receive the prior written approval of Lessor, such approval not to be unreasonably withheld or delayed; however, (a) if such requested change would adversely affect (in the reasonable discretion of Lessor) (1) the Building's Structure or the Building's Systems (including the Building's restrooms or mechanical rooms), (2) the exterior appearance of the Building, or (3) the appearance of the Building's common areas or elevator lobby areas, or (b) if any such requested change might delay the Commencement Date, Lessor may withhold its consent in its sole and absolute discretion. Lessor shall, upon completion of the Work, furnish Lessee with an accurate architectural "as-built" plan of the Work as constructed, which plan shall be incorporated into this Exhibit "C" by this reference for all purposes.
- 5. <u>Definitions</u>. As used herein, a "<u>Lessee Delay Day</u>" shall mean each day of delay in the performance of the Work that occurs (a) because of Lessee's failure to timely deliver or approve any required documentation such as the Space Plans or Working Drawings, (b) because of any change by Lessee to the Space Plans or Working Drawings, (c) because of any specification by Lessee of materials or installations in addition to other than those specified in the working drawings or (d) because a Lessee Party otherwise delays completion of the Work. As used herein, "<u>Substantial Completion</u>," "<u>Substantially Completed</u>" and any derivations thereof mean the Work in the Demised Premises is substantially completed (as reasonably determined by Lessor) in substantial accordance with the Working Drawings, such that the Demised Premises may be occupied or utilized for the purpose intended, subject to only minor Punch List items which can be corrected or completed without any material interference with the Lessee's intended use of the Demised Premises remain to be corrected or completed. Issuance of all Certificates of Occupancy and Certificates of Completion for Work by the Building Official shall conclusively establish Substantial Completion.
- 6. Walk-Through: Punch List. When Lessor considers the Work in the Premises to be Substantially Completed, Lessor will notify Lessee and within three business days thereafter, Lessor's representative and Lessee's representative shall conduct a walk-through of the Premises and identify any necessary touch-up work, repairs and minor completion items that are necessary for final completion of the Work. Neither Lessor's representative nor Lessee's representative shall unreasonably withhold agreement on Punch List items. Lessor shall use reasonable efforts to cause the contractor performing the Work to complete all Punch List items within 15 days after agreement thereon; however, Lessor shall not be obligated to engage overtime labor in order to complete such items.
- 7. <u>Costs.</u> Lessor shall bear the cost and expense of the preparation of the working drawings, other than engineering costs. Lessee shall bear the entire cost of performing the Work depicted on the Space Plans and working drawings prepared by Lessor for the total sum of

\$85,000.00. Lessee shall bear the entire costs incurred by Lessor in performing the Work because of any event specified in clause 5 (a), 5 (b), 5 (c), or 5 (d) of this Exhibit.

- (a) Lessee shall pay to Lessor the sum of \$15,000.00 within ten (10) days of execution of the Lease as a construction mobilization deposit for the advance procurement of construction materials and engineering costs.
- (b) Thirty days thereafter, Lessee shall pay to Lessor a second installment of \$25,000.00 toward the cost of performing the Work depicted on the Space Plans and working drawings.
- (c) Thirty days after payment of the second installment under subparagraph (b) above, Lessee shall pay to Lessor a third installment of \$25,000.00 toward the cost of performing the Work depicted on the Space Plans and working drawings.
- (d) Upon Substantial Completion of the Work depicted on the Space Plans, working drawings and Change Orders, if any, Lessee shall pay to Lessor the balance (approximately \$20,000.00 ±) of the cost of performing the Work depicted on the Space Plans and working drawings, less a retainage of \$8,500.00 which shall be paid upon satisfaction of all items on the Punch List.
- (e) Lessee shall pay to Lessor an amount equal to 25% of the estimated additional costs of any change to the Space Plans or working drawings at the time of such change. Lessee shall pay to Lessor the remaining portion of such additional costs incurred in performing the Work in accordance with the terms of subparagraph (d) above.
- (f) Any additional costs incurred in performing the Work because of an event specified in Paragraphs 5 (a), 5 (b), 5 (c) or 5 (d) of this Exhibit or necessitated by increased costs as a result of Change Orders shall be paid in accordance with the terms of subparagraph (d) above.
- 8. <u>Construction Representatives</u>. Lessor's and Lessee's representatives for coordination of construction and approval of change orders will be as follows, provided that either party may change its representative upon written notice to the other:

Lessor's Representative:

Vernon J. Pierce, A.I.A. 105 N.E. 3<sup>rd</sup> Street

Suite "A"

Fort Lauderdale, FL 33301 Telephone: (954) 240-8128

FAX:

e-mail address:vpiercepagpa@me.com

Lessee's Representative:

Charles Schweickert

City of Fort Lauderdale Public Works /

Engineering Division 100 North Andrews Avenue Fort Lauderdale, FL 33301 Telephone: (954) 828-5938

Telephone: (954) 828-5938 FAX: (954) 828-5074

e-mail: CSchweickert@fortlauderdale.gov