

GROUND LEASE

Between

ST. ANDREW MARINA PARTNERS, LLC.
A Florida limited liability company

and

The CITY OF PANAMA CITY,
a Florida municipal corporation

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GROUND LEASE

THIS GROUND LEASE ("Lease" or "Agreement") is made as of the 14th day of May, 2024 ("Effective Date") by and between the CITY OF PANAMA CITY, a Florida municipal corporation ("City", "LESSOR", "Governing Body") and ST. ANDREW MARINA PARTNERS, LLC, a Florida limited liability company ("SAMP" or "LESSEE") (collectively, "Parties").

RECITALS:

- A. The City owns real property and leases sovereign land on which the City constructed improvements generally depicted in Exhibit "A". ("St Andrews Marina" or "Marina");
- B. The Marina is a unique and treasured, waterfront asset of the City, used for a variety of public and private purposes in the past but which, with the aging and demolition of old or dysfunctional structures, has become underutilized;
- C. Concurrent with underutilization of the St. Andrews Marina, macro-economic and social changes created the need to redevelop and revitalize historic area of the City ("St. Andrews");
- D. The existing Marina was severely damaged and substantially demolished by Hurricane Michael in October, 2018, and as a result of which Lessor, in its sole discretion, reserves the right to file a claim for reimbursement, for any amount permitted under applicable federal laws and regulations (the "FEMA Claim"), with the Federal Emergency Management Agency ("FEMA"), and under the FEMA Claim and according to applicable federal law Lessor is and shall remain the "legally responsible party" because, at the time of the damage, Lessor owned the Existing Marina and no third party was contractually obligated to restore the premises.
- E. As a result of the sudden unexpected turn of events caused by the severe damage to the St. Andrews Marina by Hurricane Michael, SAMP, pursuant to the terms of this Agreement, is required to repair and replace the St. Andrews Marina to prevent further interruption of an essential governmental service such as the operation of a public marina;
- F. After Hurricane Michael the entire community has an unprecedented opportunity to restore Panama City and improve its economic health, and the City is obligated to look to its assets and abilities to encourage healthy private development and economic growth;
- G. After Hurricane Michael, other businesses and structures in St. Andrews have been restored or, where beyond restoration, are being removed clearing the way for new development;
- H. Hurricane Michael has become an overwhelming catalyst for expediting the need to redevelop St. Andrews, including the Marina and made redevelopment easier by literally concentrating the will and support of the public, and removing a variety of obstacles;

- I. Numerous public hearings and community planning initiatives regarding St. Andrews and the St. Andrews Marina have been held and public support for the marina is strong;
- J. The City has determined that a marina will facilitate area redevelopment by encouraging private investments and developments from the private sector;
- K. The City determined rebuilding the Marina by a proven and accomplished developer and operator will serve a predominate public purpose by stimulating continued private investment in St. Andrews and increasing the opportunities for the public to visit, dine, be entertained, and shop in St. Andrews;
- L. On July 28, 2023, the City issued and published the Request for Proposal PC23-055 (the “RFP”) to seek interested firms to submit proposals to provide a turnkey operation for the redevelopment of the Marina that may include, but is not limited to, the design, permitting, financing, construction and management or lease of the Marina. The City accepted the submission of proposals from the date of publication until September 6, 2023.
- M. In response to the RFP, three companies responded with written proposals and were interviewed by representatives of the City;
- N. SAMP was one of the three companies that responded, and SAMP was ranked as the best proposal by the City Commission on or about November 28, 2023, for the lease and redevelopment of the Marina owned by City as hereafter described;
- O. On December 12, 2023, the City held a public meeting to consider the St Andrews Marina Public Private Partnership Interim Agreement (Interim Agreement). The Commission unanimously approved the Interim Agreement, and the City and SAMP executed a non-binding Interim Agreement publicly announcing their intention to pursue discussions about SAMP leasing the Marina to develop and operate the Marina and authorize SAMP to assist the City in pursuing a Permit Exemption for 50 wet slips from the Florida Department of Environmental Protection (such Exemption was received on January 24, 2024);
- P. SAMP has the assets needed to develop and start-up the St. Andrews Marina with a long-term investment horizon;
- Q. One of the reasons the City solicited proposals from developers was to test the boundaries and margins of private developers' appetites to invest in the St. Andrews Marina for profit;
- R. The City has learned that a developer willing to invest in a project that is small enough to preserve the public's use and enjoyment of the Marina and that contains the uses desired by the City must be willing and able to make a patient and long-term investment and return of such investment;
- S. In the Panama City and northwest Florida market, SAMP is not an ordinary or conventional

investor;

- T. SAMP is willing to construct Lessee Improvements and exclusively operate the Leased Property without financial incentives from the City and share revenues with the City based upon the Marina's success in line with industry standards as more particularly stated in this Lease;
- U. On March 19, 2024, March 26, 2024 and April 16, 2024 the City held a series of advertised special public meetings to address questions and concerns regarding the terms to be included in the Ground Lease as well as to have an opportunity to receive input from the public.
- V. The Bulkhead for the Marina must be repaired as generally provided herein (the "Bulkhead Repairs") in that such Bulkhead Repairs are required as a corrective action to restore the Marina, an existing essential public facility, to a safe and functional condition, and the City finds that the costs for the Bulkhead Repairs are properly a cost to be paid by the Lessor and are considered Lessor Improvements;
- W. The Bulkhead Repairs will be performed simultaneously while the Lessee is constructing Lessee Improvements and operating the Marina making it impractical and more expensive to have a third entity other than Lessee to perform the Bulkhead Repairs;
- X. Bulkheads, after being repaired, must then be maintained by the Lessee as provided herein (i) as a preventive or corrective action to maintain the Marina, an existing public facility, in an operational state and (ii) to preserve the Marina facility from failure or decline;
- Y. The Lessor does hereby find that pursuant to Florida law, the Lessor does hereby hire and retain Lessee to (i) permit, design and construct the Bulkhead Repairs for the price provided herein, (ii) permit, design and construct Phase 1, Phase 2 and Phase 3 and related improvements (the "Lessee Improvements"); and (iii) maintain and operate the Marina throughout the term of the Agreement pursuant to its terms;
- Z. The Lessor shall pay for the costs of the Lessor Improvements and the Lessee shall pay for the costs of the Lessee improvements, all as provided herein;
- AA. Lessee anticipates making an investment in infrastructure and improvements on the Marina of as much as \$15,000,000 which include, but are limited to, the design, permitting and construction of Phase 1, Phase 2 and Phase 3 but subject to the development entitlements for the Lessee Improvements granted by the Approvals (as such terms are defined below), but in event no less than \$9,000,000, subject to the terms of this Lease.
- BB. Lessee represents that at least twenty-five percent (25%) of the Lessee investment in Lessee Improvements will be through equity or cash contributions by the Lessee ("Lessee Equity") and the remainder of the funds needed to fund the Lessee Improvements will be through a loan obtained by the Lessee and for which Lessee is solely liable to pay back.

GROUND LEASE
St. Andrews Marina

NOW, THEREFORE, in consideration of the mutual covenants and benefits of this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the City leases to SAMP and SAMP leases from the City the Leased Property upon the following terms, covenants, conditions, limitations, and agreements, which are:

ARTICLE I

RECITALS, EXHIBITS and DEFINITIONS

Section 1.1 Recitals and Exhibits. The foregoing recitals are correct and sufficiently complete to not be misleading. Attached hereto and forming a part of this Lease are the following Exhibits:

Exhibit "A"	Lease Boundary and Legal Description of Leased Property
Exhibit "B"	Approved Plans
Exhibit "C"	Acceptable Tenant
Exhibit "D"	Phase 1 – 50 Slips
Exhibit "E"	Phase 2 – 28 Slips
Exhibit "F"	Phase 3 – Increase to 165 Slips
Exhibit "G"	Cost Plus Contract

Section 1.2 Defined Terms. As used in this Lease the term:

Affiliate means, regarding any Person or any other Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, the terms "controlling," "controlled by" or "under common control with" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person or entity, whether through the ownership of voting securities, by contract or otherwise, or the power to elect at least fifty percent (50%) of the directors, managers, general partners, or persons exercising similar authority with respect to such Person.

Bulkhead means the structure or vertical partition designed primarily to retain or prevent slumping of the upland soil mass and which provides a level of protection against erosion by wave or current action. The bulkhead includes sheetpiles; concrete caps; upland protection systems; concrete or other interfaces with natural forces, vessels, docks and pedestrian accessways; and subsurface tie-back systems with related structures and equipment.

Business Day means each day that the City Hall of the City is open to the public for business.

Capital Improvements Sinking Fund means a long-term savings restricted account established to ensure capital sufficient to construct the significant repairs, renovations and upgrades to St. Andrews Marina (1) Bulkhead; (2) Parking Lot; (3) Lessee Improvements; (4) and costs associated

with costs and fees associated with the design, engineering, consultants, permitting, and construction of future expansion phases.

Certificate of Occupancy means a certificate of occupancy or certificate of completion for the Lessee Improvements issued by or on behalf of the governmental police authority responsible for enforcing building and safety codes, as applicable, for the buildings and structures on the Leased Property and shall include any such certificate designated as "Temporary" in nature, provided it allows for occupancy of the Leased Property.

Change of Ownership or Control means a voluntary or involuntary change of fifty-one (51%) or more ownership in SAMP as it exists on the date of the Lease. A change of ownership means a change in the stockholders of the business or ownership shares or percentages, any transfer of the business's stock from one stockholder to another, or any transfer of stock in a corporation owning such business, even when the name of the entity remains the same.

City means the City of Panama City, Florida, including its agents, as lessor and landlord hereunder, whether acting in its proprietary capacity through the City Commission or its designee, and not in its sovereign capacity as a municipality exercising its police powers or administering laws and ordinances that are applicable to the Leased Property unless the latter capacity, which will never be implied, is expressly stated.

City Manager means Jonathan H. Hayes or his successor as City Manager of the City.

Completion Date means that date on which the City issues the Certificate of Final Completion pursuant to Section 3.9 in its proprietary capacity as owner of the Leased Property and not through the exercise of its governmental police power.

Cost of Lessee Improvements means the reasonable cost to construct or purchase the Lessee Improvements. The Lessee shall provide the Lessor, following reasonable request from the Lessor, with copies of the construction contracts or purchase orders/invoices for all Lessee Improvements along with such information as the Lessor reasonable determines is adequate to establish the reasonableness of the costs for such Lessee Improvements.

Deed in Lieu of Foreclosure shall mean an instrument effecting a Transfer of all, but not less than all, of a Person's interest in the leasehold created by this Lease in whole or partial satisfaction of a money obligation secured by a Leasehold Mortgage.

Default Rate means an interest rate equal to five percent (5%) per annum above the highest annual prime rate (or base rate) published from time to time in The Wall Street Journal under the heading "Money Rates" or any successor heading as being the rate in effect for corporate loans at large U.S. money center commercial banks (whether or not such rate has actually been charged by any such bank) or if such rate is no longer published, then the highest annual rate charged from time to time at a large U.S. money center commercial bank, selected by the City, on short-term, unsecured loans to its most creditworthy large corporate borrowers.

Estoppel Certificate means the certification by a party to an agreement that the counter-party or parties are not then in default or breach of any material covenant in the agreement, and that the party giving the certification is not aware of any fact or circumstance that with the passage of time or giving of notice would constitute such a breach or default.

Financial Statement means a Financial Statement certified by the independent Certified Public Accountant to have been prepared in accordance with GAAP and GAAS.

GAAP means generally accepted accounting principles, as promulgated by the Financial Accounting Standards Board, consistently applied or a system generally recognized in the United States as having replaced GAAP.

GAAS means generally accepted auditing standards, as developed by the American Institute of Certified Public Accountants, consistently applied, or a system generally recognized in the United States as having replaced GAAS.

Governmental Approvals means all approvals that are required by any Governmental Authority for the construction of the Lessee Improvements in accordance with all applicable Governmental Requirements. Notwithstanding anything to the contrary in the Lease, SAMP retains its rights to challenge or appeal any denial of Governmental Approvals.

Governmental Authority means any federal, state, county, municipal or other governmental department, entity, authority, commission, board, bureau, court, agency, or any instrumentality of any of them, with jurisdiction over the Leased Property or the Lessee Improvements, including the City in its sovereign capacity.

Governmental Requirements means any law, enactment, statute, code, ordinance, rule, regulation, judgment, decree, writ, injunction, franchise, permit, certificate, license, or other similar requirement of any Governmental Authority, now existing or hereafter enacted, adopted, promulgated, entered, or issued, affecting the Leased Property or the construction and operation of the Lessee Improvements. Notwithstanding anything to the contrary in the Lease, SAMP retains its right to challenge Governmental Requirements, including without limitation, based on a constitutional objection that a Governmental Requirement violates SAMP's constitutional rights regarding contracts.

Gross Revenue means the total of all revenue, proceeds, rent, income and receipts received by Lessee from any person of every kind derived directly or indirectly from the operation of the Marina which shall include the entire amount of the sales price, whether for cash or credit or otherwise, of all sales of slip licenses or rentals, dockage fees, together with all ancillary revenue thereto, merchandise, food, drinks and services (including receipts whatsoever of all business conducted in or from the Marina), including mail, online, electronic, to-go or telephone orders received or filled at the Marina, deposits not refunded to purchasers, orders taken although such orders may be filled elsewhere, sales to employees, sales through vending machines or other devices, and sales by any Lessee, sublessee, concessionaire or licensee or otherwise in said Premises except as otherwise expressly provided in this Lease. Each sale upon installment or credit

shall be treated as a sale for the full price in the month during which such sale was made, irrespective of the time when Lessee receives payment from its customer. No deduction shall be allowed for uncollected or uncollectible credit accounts.

Excluded Revenue from Gross Revenue. Gross Revenue shall also not include, however, any sums collected and paid out for any sales or excise tax imposed by any duly constituted governmental authority, nor shall it include the exchange of merchandise between the stores of Lessee, if any, where such exchanges are made solely for the convenient operation of the business of Lessee and not for the purpose of consummating a sale which has theretofore been made in or from the Marina and/or not for the purpose of depriving Lessor of the benefit of a sale which otherwise would be made in or from the Marina, nor the amount of returns to shoppers or manufacturers, nor the amount of any cash or credit refund made upon any sale where the merchandise sold, or some part thereof, is thereafter returned by purchaser and accepted by Lessee, nor sales of Lessee's trade fixtures after use by Lessee in the Marina (collectively "Excluded Revenue"). Additionally, the following shall be considered Excluded Revenue:

- (a) Gratuities received by employees;
- (b) The portion of rent payable by a Sublessee attributable to tenant improvements given to such Sublessee under its Sublease amortized over the initial term of such Sublease at a reasonable interest rate ("Sub-Tenant Allowances"), provided such Sub-Tenant Allowances shall only be excluded from Gross Revenue of subleases to Affiliates of Lessee to the extent the rent of such Sublease to an Affiliate of Lessee is at fair market value;
- (c) Federal, state or municipal excise, sales, use, gross receipts, occupancy or similar taxes collected directly from sub-tenants, patrons, guests or otherwise, provided such taxes are separately stated;
- (d) Insurance proceeds (other than business interruption, or loss of income insurance);
- (e) Advance rentals until such time that they are earned;
- (f) Casualty Insurance loss proceeds which are applied toward restoration of improvements or which are paid over to a mortgagee or otherwise are not retained by Lessee (except for any proceeds of rent interruption insurance); and
- (g) Taxes, including but not limited to gross receipts tax for marina and upland improvements, utilities, insurance and expenses, including common area expenses and maintenance charges paid to the Lessee in the form of rent or otherwise by a sublessee that Lessee passes through to the applicable vendors.
- (h) Cost of fuel sold at Marina.

Gross Receipts Tax means the tax imposed upon applicable sales receipts as outlined in Article II, Section 7.25ff, Code of Ordinances of the City of Panama City, and the Lessee agrees to pay and to require its boat slip renters to pay an amount equal to the Gross Receipts Tax on all boat slip rentals and charges to customers of renters.

Improvements means collectively Lessee Improvements and Lessor Improvements.

Lease means this Ground Lease, as the same may be modified or amended from time to time.

Leased Property (also known as "Marina") means the parcel of real property described in Exhibit

“A” as may be modified prior to commencement of construction as provided in Section 2.1(d).

Lender means an Institutional Investor that is the owner and holder of a Leasehold Mortgage. But, the City shall have no duty or obligation to determine independently the relative priorities of any Leasehold Mortgages. Rather, it shall be entitled to rely absolutely upon a title report current as of the time of any determination of the priorities of such Leasehold Mortgage and prepared by a generally recognized title insurance company doing business in Bay County, Florida, or upon a certificate of SAMP, signed and verified by an authorized person of SAMP.

Lessee Construction Costs means within ninety (90) days after receipt of a Certificate of Final Completion, SAMP shall furnish the City a compilation of the Lessee Improvements and a certification of the out-of-pocket cost incurred to design, permit, and construct the Lessee Improvements, excluding internal employee and overhead costs of SAMP.

Lessee Improvements means, collectively, the buildings, wet slips and docks, structures, fixtures, and other real and personal property improvements to be constructed by Lessee at Lessee's expense during the Lease Term on the Marina, which shall include, without limitation, demolition of any existing improvements and structures, and construction of buildings, wet slips and docks, structures, and improvements consistent with use and operation of the Marina for the Permitted Use, as defined below and to the extent the Marina (as now or hereafter exists) includes the necessary lands to construct, operate and maintain such commercial marina docking facility marina pursuant to Fee Waived Sovereign Submerged Land Lease between the State Board of Trustees of the Internal Improvement Trust Fund (Lease/Easement No. 030022651), which marina has been previously permitted by Lessor under FDEP Permit No. 03-12851-1E, 03-0303458-001-EI, related amendments and as the same may be modified by Lessee from time to time subsequent to the Commencement Date to be consistent with the Lessee Improvements, subject to Lessor's prior approval (such approval not to be unreasonably withheld, conditioned or delayed), all as and to the extent permitted and approved by all Applicable Authorities and Lessor's review and approval of the plans for the Lessee Improvements plans and specifications as set forth herein, such Lessor approval not to be unreasonably withheld, conditioned or delayed. Lessee will coordinate commencement and completion of the Lessee Improvements with Lessor, and its agents, employees and contractors, to minimize disruption to traffic flow, pedestrian travel, noise pollution and other nuisances to the surrounding neighborhood and community. Parties acknowledge and agree that health and safety are primary concerns in planning and constructing the Lessee Improvements. Lessee Improvements shall be of a permanent structural change or the restoration of some aspect of the Leased Property as described in Phase 1, Phase 2 and Phase 3 that will either enhance the property's overall value, prolong its useful life, or adapt it to new uses or such other permanent structural change or restoration that the Lessors approves as an additional SAMP Improvement.

Marina (also known as “Leased Property”) means the existing St. Andrews Marina, the Sovereignty Submerged Land Lease area, the existing boat ramp, together with the remaining damaged or destroyed existing improvements, structures, and fixtures thereon, and the proposed Lessee Improvements to be constructed by Lessee (as more particularly defined below), at Lessee's expense, but expressly excludes the Bayview Avenue Boardwalk as defined herein. The

Marina will include (i) various buildings and structures in their current “AS-IS, WHERE-IS” condition on the existing St. Andrews Marina, including an existing waterfront support facility building containing the marina office, ship’s store and other structures on the existing St. Andrews Marina, and surface parking on the Parking Lot, all which will be redeveloped by Lessee in accordance with the Permitted Uses and the Approved Plans (as hereinafter defined), as finally approved by the Parties, and (ii) all of the Sovereignty Submerged Land Lease Area (and as may be amended), as replacement and additional wet slips, docks, and other improvements may be developed and expanded thereon by Lessee for the Permitted Use. The Prior to construction, Lessee will provide to Lessor detailed plans for the City’s review and approval. (“Approved Plans”). The Approved Plans are for illustrative purposes. The Lessee has obtained on behalf of the Lessor a Permit Exemption Verification that permits the construction of 50 wet slips, also known as Phase 1. Additionally, Lessor obtained a Permit Exemption Verification for the repair and replacement of 28 wet slips (also known as Phase 2) that are remaining remnants of the previous 105-slip marina. Pending litigation in federal district court unrelated to the St. Andrews Marina potentially substantially lengthens the regulatory permitting process due to over 1,000 pending regulatory permit applications which likely will take precedence over the City’s permit application to expand the marina beyond its currently permitted 78 wet slips. The Parties seek to efficiently proceed with construction of the 78 permitted slips and prepare and submit regulatory permit applications to obtain necessary permits for up to 165 wet slips (also known as Phase 3). Additionally, the Parties seek to repair the exterior Marina bulkhead outside of the Marina basin. (also known as Phase 4). The Parties plan to pursue design, permitting and construction of the St. Andrews Marina expansion beyond the footprint of the initial 1957 marina construction. The Lessor may ask in the future that the Lessee prepare a general plan to obtain the further expansion of the marina, and the Parties agree to negotiate in good faith an amendment or amendments to this Lease that provides for such expansion. The uncertainty of the regulatory permitting process is the catalyst for the Parties to enable additional revenue streams to establish the Marina as a financially self-sustaining ongoing interest for the benefit of local residents and visitors. The Parties acknowledge there is no legal obligation of Lessee to construct upland improvements depicted on the Approved Plans but such may be desirable or necessary for financial success of the Marina. The legal description shall be subject to adjustment (a) if the Marina is expanded by Lease amendment and/or (b) by reasonable agreement of the Parties to reflect the footprints of the buildings and improvements to be located on the Marina, and the location of the bulkheads, seawalls, site infrastructure, buildings and improvements in the configuration approximately depicted on the Approved Plans, or in such location as the Parties may otherwise reasonably agree or as may be required as part of any of the approvals.

Marina Ship Store means structures for commercial uses customarily found in commercial marinas.

Marina Standards means written standards adopted by the City following collaboration and consent of the Lessee.

Occupancy: means Lessor giving use and occupancy of the St. Andrews Marina to Lessee upon completion of Possession Conditions.

Opening Date means the date on which the Marina first opens for business to the general public following completion of a designated phase of improvements.

Parking Lot means approximately 12 acres described as Parcel ID#: 29572-000-000.

Permitted Transfer and Permitted Transferee have the meanings ascribed in Sections 5.2 and 5.3.

Permitted Use: means the following permitted uses and operations on the Property and within the Lessee Improvements: at least an approximately 165 slip marina with fixed docks, bulkhead repair; marina, hospitality, retail, and potential restaurant uses integral to the marina; amenities including potentially a boat club, potentially day boat and watersports rentals, potential captain's lounge, in-slip pump out service, fuel facilities, secured access, 24-hour security monitoring, and other amenities, and upland buildings (including retail, office and other uses and accompanying amenities), all as located and described in the Approved Plans and as the same may be modified by the approval of the City Commission and the terms of the approvals, any such approval and terms are within the sole discretion of the City Commission.

Person means any corporation, unincorporated association or business, limited liability company, business trust, real estate investment trust, common law trust, or other trust, general partnership, limited partnership, limited liability limited partnership, limited liability partnership, joint venture, or two or more persons having a joint or common economic interest, nominee, or other entity, or any individual (or estate of such individual).

Possession Date shall be no later than issuance of Certificate of Occupancy of Phase 1.

Rent means all payments required pursuant to Section 2.4 (other than in Section 2.4(a) thereof) and any other payments characterized as rent hereunder.

Rental Year means a year consisting of twelve (12) consecutive calendar months. The first Rental Year during the term of this Lease shall commence on the Possession Date and end on September 30th of the then current calendar year. The second and following Rental Years shall commence on the 1st day of October each calendar year and end September 30th the next year.

Section, Subsection, Paragraph, Subparagraph, Clause, or Subclause followed by a number or letter means the section, subsection, paragraph, subparagraph, clause or subclause of this Lease so designated.

Single Purpose Entity means an entity or organization that does not and cannot by virtue of its organizational documents;

- (a) engage in any business other than owning, developing, leasing and operating the Leased Property, and
- (b) acquire or own material assets other than this Lease and the Leased Property and incidental personal property; and
- (c) that do not hold itself out to the public as anything but a legal entity or organization separate

- from any other person or entity or organization; and
- (d) conducts business solely in its name or under a fictitious name.

Sublease means any lease, sublease, license, assignment of lease rights, concessionaire agreement, independent contractor agreement, or other agreement by which SAMP demises, leases, or licenses or makes available the use or occupancy by another person or entity, of any portion of the Leased Property, whether defined or at large, for any use or purpose.

Subtenant means any person, firm, corporation or other legal entity using or occupying, or intending to use or occupy, space under a Sublease.

Total Marina means one-hundred sixty-five (165) operational slips with fuel dock and fueling facilities.

Transfer means a sale, assignment or conveyance, or any other transaction or circumstance or series of transactions or circumstances, regardless of the nature of consideration, or if by operation of law, of:

- (a) this Lease or the Leased Property or any part of either;
- (b) any interest in this Lease or the Leased Property, or any part of either; or
- (c) any series of (a) or (b) or both that have the cumulative effect of either.

Vacancy Rate means a percentage of one-hundred fifty-nine (159) permitted slips without a sublease or license less than 365 days long.

ARTICLE II

GENERAL TERMS OF AGREEMENT

Section 2.1 SAMP Agreement on Marina. Subject to the conditions set forth in this Lease, including without limitation, the occurrence of the Possession Date and the City's and SAMP's performance of their duties and obligations required by this Lease:

- (a) Demise. Prior to the Possession Date, SAMP shall be licensed to enter the Leased Property to exercise the rights and fulfill the obligations undertaken in Article III to prepare for construction of the Lessee Improvements. As of the Possession Date, the City demises and leases to SAMP, and SAMP takes and hires from the City, the Leased Property for a term of thirty (30) years commencing on the Possession Date (the "Term") with extensions as provided herein. Provided the Completion Date of the Total Marina (see Section 3.9) is within ten (10) years of the Lease and within two (2) years after receipt of all entitlements and permits to construct the Total Marina, the Term shall automatically reset to begin the initial term of thirty (30) years to account for the consumption of time initially necessary for Lessee to complete design, permit and construct one-hundred fifty-nine (159) wet slips. Lessee will use their best efforts to pursue design, permit and construct six (6) lay-along slips north of the boat ramp. If the City determines it's in their best interest to provide financing for Lessee's Improvements of approximately eight million dollars (\$8,000,000.), it is unnecessary for the Term to reset upon completion of the 159 wet slips. Within thirty (30) days after the Possession Date, the Parties, upon request of either party, shall execute

one or more written memoranda in such form as will enable them to be recorded among the Public Records of Bay County setting forth the beginning and termination dates of the Term, determined according to this Lease.

- (b) Conditions Precedent to Possession After Phase 1 Completion and Continuation to Next Phase. Notwithstanding anything to the contrary in this Lease, the City shall not be obligated to deliver initial possession of the Leased Property upon SAMP's construction completion of Phase 1 and SAMP's rights as tenant hereunder shall not become effective until each of the events described in this Subsection 2.1(b) shall have occurred. Upon satisfaction of these conditions, the City shall deliver possession of the Leased Property to SAMP (evidenced by delivery of a Certificate of Occupancy), SAMP shall take possession thereof and the lease provisions of this Lease shall become effective. Until that time, this Lease shall be construed to be in the nature of a development agreement, and not a lease. The conditions precedent to delivery of possession following construction completion of Phase 1 and authorization to proceed with successive phases (collectively, the "Possession Conditions") are as follows:

- (i) There exists no uncured SAMP Event of Default or circumstance which with the passage of time or giving of notice would constitute a SAMP Event of Default;
- (ii) The City, through the review and approval of the City Manager or his designee, in its capacity as landlord under this Lease shall have found that the detailed construction plans and drawings conform to the Approved Plans in all material respects;
- (iii) SAMP shall have obtained all Governmental Approvals for Phase 1;
- (iv) SAMP shall have entered into a general contract for construction of the Lessee Improvements for Phase 1, Phase 2, Phase 3 and Phase 4, individually or collectively, with a general contractor reasonably acceptable to the City and at a commercially reasonable price, and such contract shall be provided to the City;
- (v) SAMP shall have obtained and delivered to the City a performance and payment bond for Phase 1, Phase 2, Phase 3 and Phase 4, individually or collectively, of the Work, with all premiums paid and with good and sufficient surety, in form and content reasonably acceptable to the City, in accordance with Florida ("State") law. Such bond and insurance shall be written in favor of SAMP with a dual oblige rider in favor of the City;
- (vi) The City shall have received written evidence from SAMP that the contract or contracts for construction and purchase of the Lessee Improvements to be constructed or purchased for Phase 1, Phase 2, Phase 3 and Phase 4, individually or collectively, are commercially reasonable and confirming that good and sufficient funds are readily available for the complete construction and purchase of such Lessee Improvements in an aggregate amount of not less than their cost, including a contingency of not less than ten percent;
- (vii) SAMP shall have presented evidence that all required insurance coverages are in place;
- (viii) The City in good faith shall seek comparable employment beyond Possession Date of its current Marina employees provided such comparable employment is available within the City, and will complete arrangements for such reassigned comparable employment;

- (ix) SAMP and the City shall have agreed upon ingress and egress locations to and from 10th Street and the Leased Property and to and from Bayview Avenue and the Leased Property.
- (c) The Parties will use their best efforts to complete Prepossession Conditions prior to May 1, 2025. No later than May 1, 2025 or upon completion of Phase 1, the City will deliver possession of the Leased Property to SAMP according to subparagraph (b) and is so designated by the City to SAMP in writing, is referred to herein as the "Possession Date." If SAMP determines for any reason prior to the Possession Date that the Leased Property is not suitable for its intended purposes, SAMP shall provide written notice to the City that it is exercising its rights under this Section 2.1(c) to terminate the development agreement and any right or obligation to enter into this Lease (the "Termination Notice"). If SAMP provides the Termination Notice prior to the Possession Date, neither party shall have any obligation to the other under the development agreement or this Lease. Prior to the Possession Date, risk of loss is on the City.
- (d) If SAMP determines, based on its inspection, investigation, testing, and assessments of the Leased Property prior to commencement of construction, that a minor and economically immaterial adjustment to the location of, or an expansion of the perimeter of, the Leased Property is commercially reasonable and necessary or desirable to ensure the Leased Property is able to meet Governmental Requirements and the standards and requirements of this Lease, the City agrees to amend this Lease to modify the legal description of the Leased Property accordingly.

Section 2.2 Restrictive and Affirmative Covenants; Construction and Use of Related Facilities.

- (a) Permitted and Obligated Use. Subject to the need to make repairs and perform maintenance as below described and any extension of time due to Force Majeure event, SAMP shall diligently and continuously operate the Leased Property throughout the Term as a destination for the accommodation and enjoyment of visitors and residents alike consistent with the terms and conditions of this Lease. At all times, the Marina shall meet the Marina Standards. This covenant shall not preclude SAMP from closing minor portions of parts of the Leased Property for routine repairs and maintenance consistent with the prudent operation of similar facilities, but SAMP shall not be entitled to close and renovate all or a substantial portion of the Marina without the City's written consent exercised in its proprietary and not governmental capacity and which may be commercially reasonably conditioned but shall not be commercially unreasonably withheld or delayed.
- (b) Allowable Uses. The Parties acknowledge the use of the Leased Property for a marina as set forth in the Lease is consistent with the City's Land Development Code and Comprehensive Growth Development Plan.
- (c) Use Restrictions. The Leased Property shall not be used by SAMP, nor shall SAMP permit any Acceptable Tenant, Subtenants or licensees the use thereof for any use inconsistent with the Lease; nor shall SAMP permit any unlawful or illegal business, use or purpose, or for any business, use or purpose which is immoral or disreputable (including without limitation, "adult entertainment establishments" or "adult" bookstores or other sexually oriented business) or extra-hazardous, or in such manner as to constitute a nuisance of any kind (public or private), or for any purpose or in any way in violation of the Certificates of

Occupancy (or other similar approvals of any Governmental Authority) or any Governmental Requirements. SAMP shall have no right to convert the use of the Leased Property or any portion thereof to any time sharing, time interval or cooperative form of ownership, or to subject the same to any condominium regime. These use restrictions do not impose on SAMP enforcement responsibility on those appearing to violate these restrictions. Such responsibility shall be on the Lessor.

- (d) No Discrimination. SAMP shall comply with the Florida Civil Rights Act Florida Statutes Section 760.01 as well as any Federal or other Governmental Requirements prohibiting discrimination by reason of race, color, religion, sex, pregnancy, national origin, age, handicap or marital status in the sale, lease, use or occupancy of the Leased Property or any portion thereof.
- (e) Enforceability. The covenants contained in this Section 2.2 shall be binding upon the Parties, including any Subtenant, Acceptable Tenant and licensee of the Lessee, as the case may be, and shall be for the benefit and in favor of and enforceable by the Parties and their successors and assigns as the case may be. It is further understood that such covenants shall not be enforceable by any other third party.
- (f) Maintenance, Standards, and Covenants Respecting Certain Bulkheads.
 - (i) The Parties acknowledge that almost all of the Marina, and all of the Leased Property which is part of the Marina, is man-made land created in or about 1958 by filling a portion of St. Andrew Bay between the natural shoreline on one side and a series of linear seawall or Bulkhead forming the remaining sides of a polygon.
 - (ii) The Bulkhead has experienced damage resulting from (1) natural disasters and (2) natural occurrences of corrosion, erosion or other means. The damages vary in severity and acuity. The Lessor has caused to be inspected the Bulkhead and determined that damages from natural disaster need repair as soon as possible within the remaining useful life of the Bulkhead. The City's consultants opine that at least Twelve Million Nine Hundred Thousand Dollars (\$12,900,000) ("Lessor Improvement Funds") are needed to address Bulkhead damages and disrepair related to decades of corrosion, erosion or other means ("Bulkhead Repair"). The Bulkhead Repair will be performed in phases, with the first phase being the Bulkhead affixed to Dock 1. The Bulkhead Repairs are a Lessor Improvement and shall be funded and paid for by the Lessor, and the Lessor agrees to appropriate sufficient funds for Lessee to make such repairs. Lessor's consultants have determined there are approximately seven years of useful life remaining in the Marina and significant investments can extend its useful life up to fifty (50) years beyond its current useful life of 2031. Lessor agrees to fund for Lessee's repair and replacement of said damages to be completed at a time the Parties determine is best, but no later than December 31, 2031. If these Bulkhead Repairs exceed the Lessor Improvement Funds, Lessor shall deposit additional funds adequate to fund the Bulkhead Repairs. Following completion of the Bulkhead Repairs within the remainder of the Term, Lessor shall be reimbursed for its additional Bulkhead Repair contribution from other Capital Improvements Sinking Fund deposits.
 - (iii) Lessee agrees to self-perform the completion of the Bulkhead Repair for the Cost of Work plus a Contractor Fee of 20% of the Cost of Work as provided in the "Cost Plus Contract" (see Exhibit "G"). Lessee agrees to provide Lessor, to Lessor's

reasonable satisfaction, with design plans, permits, scope of work and price prior to commencing work on any phase of the Bulkhead Repair.

- (iv) Lessor's failure to timely deposit Lessor Improvement Funds as outlined above or Lessor's failure to have available funds when needed for the Bulkhead Repairs, shall constitute an Event of Default.
- (v) Following completion of Bulkhead Repairs, Lessee shall conduct regular inspections of the Bulkhead and Parking Lot to identify soil erosion, corrosion and damages resulting from normal wear and tear on the Bulkhead. Lessee shall be responsible for ongoing minor repair and maintenance of the Bulkhead such as filling voids, sealing cracks, stopping erosion, sealing failed joints in order to maintain the separation of the soil under the marina parking lot from the waters of St. Andrews Bay. Lessor is responsible to replace failing Bulkhead resulting from catastrophic events such as natural disasters, encroaching or receding seawater, or collision by vessels.
- (g) Government Enforcement in St. Andrews. The City recognizes that SAMP's successful operation of the Leased Property depends, in part, on the social and economic redevelopment and revitalization of St. Andrews, and the enforcement of codes, laws, rules and regulations among property owners, residents and the general public in the St. Andrews area. Therefore, the City acknowledges and agrees that it will use all lawful and reasonable efforts to maintain and enforce codes, laws, rules and regulations to support and promote the social and economic redevelopment and revitalization of St. Andrews, including the aesthetics of property located within St. Andrews and the safety of residents and visitors, subject, in all cases, to City's right and obligation to establish and change budgetary priorities for the general health, safety and welfare of its citizens.
- (h) Construction and Use of Additional Marina Parking. In recognition the Marina may be visited by those who may not be visiting the Leased Property and in an attempt to avoid having to restrict the Parking Lot to ensure adequate parking for guests and invitees to the Leased Property, the City has improved St. Andrews parking lots and rights-of-ways adjacent to the Marina, which spaces shall be open to the public and to SAMP's guests, subject to such reasonable rules as the City may promulgate to ensure the safety and convenience of persons visiting the Marina.
- (i) Public Access. SAMP is committed to public access to Marina facilities and public access to waters of St. Andrews Bay. Furthermore, SAMP will collaborate and facilitate with Panama City, the Panama City Community Redevelopment Agency, Historic St Andrews Waterfront Partnership and Destination Panama City to support our community with events, event parking and other promotional value. Lessee will provide unlimited access for pedestrians, non-motorized and motorized vehicles and bicyclists on the Parking Lot except in spaces designated for marina tenants, subject to such reasonable rules as the City may promulgate to ensure the safety and convenience of persons visiting the Marina.
- (j) Governor's Stone Vessel. The Lessee will reserve at the Marina's prevailing market rate, a boat slip to be designated by the Lessor adjacent to or close to the boat ramp for the Governor Stone, a two masted, fore and aft gaff-rigged, centerboard, shallow draft schooner. The Governor Stone is presently being rebuilt, and upon total completion the Friends of Governor Stone or other entity must pay applicable slip rentals to maintain the boat slip in the Marina.

Section 2.3 "As Is," "Where Is," and Present Condition of the Leased Property: Water and Sewer Capacity.

- (a) Subject to Section 2.2(i) and as provided in Section 8.5(a), SAMP acknowledges and agrees that it has been given the opportunity to perform all inspections and investigations concerning the Leased Property to its satisfaction and SAMP conditionally accepts the Leased Property and the surface and subsurface of the Leased Property "As Is," "Where Is," and "In Its Present Condition, including Environmental Conditions" of the surface and subsurface of the Leased Property and subsurface, sub-adjacent, and adjacent support for the Lessee Improvements based on the City's commitment to fund Bulkhead Repairs as outlined in Section 2.2. In the event the City does not completely fund the Bulkhead Repairs, Lessee does not accept the Leased Property and the surface and subsurface of the Leased Property "As Is, Where Is" and the City shall be solely responsible for duties, liabilities, responsibilities associated with ownership and known and unknown conditions of the Marina.
- (b) Except as expressly provided in this Lease, the City is not making and has not made any representations, covenants, or warranties, express or implied, as to the Leased Property (including without limitation, but not limited to, survey, physical condition of the surfaces, subsurface, infrastructure, bulkheads, subsurface and sub-adjacent support, suitability or fitness for any particular purpose, value, financial prospects or condition or the presence or absence of Hazardous Substances, or any other Environmental Condition of the surface and subsurface of the Leased Property or any adjacent property or waters).
- (c) Notwithstanding anything to the contrary in this Lease, the City represents and warrants in its capacity as Lessor and not as a governmental entity or in the exercise of its police powers, that there is sufficient water and sewer capacity available for the Leased Property for its intended uses as shown on the Approved Plans, and there shall be such capacity at all times during the Lease.

Section 2.4 Rent and Other Payments. SAMP covenants and agrees to pay the City, from and after the date hereof and during the Term the following, as applicable:

- (a) Rent Payable. In the event, Lessee self-funds Lessee Improvements, estimated at Twelve Million Dollars (\$12,000,000.), Lessee will pay the Lessor monthly the Participation Rent commencing on the sooner of (i) October 1, 2031 or (ii) upon the initial achievement, regardless of the date, of the following: (1) Lessee's Gross Revenues exceed gross expenses including debt service on Lessee Debt, provided Lessee Debt does not exceed the Cost of Lessee Improvements minus Lessee Equity; (2) Lessor obtains regulatory permits and Sovereignty Submerged Land Lease revisions which enable Lessee's Marina expansion to at least 165 wet slips; (3) Lessee achieves with its best efforts market rate wet slip rentals with less than twenty (20) percent Vacancy Rate of the completed wet slips; (4) Lessee exceeds its debt service coverage ratio of one-hundred twenty percent (120%) not including the two initial capitalized interest years; and (5) Lessee has collected Gross Revenues cumulatively exceeding Ten Million Dollars (\$10,000,000.) ("Rent Participation Day"). For purposes of calculating the Ten Million Dollars (\$10,000,000) in the prior sentence gasoline and fuel sales will not be reduced by the cost to purchase such by SAMP. SAMP currently projects achieving Gross Revenues which exceed expenses and debt service costs by the fourth quarter of 2028. The obligation of SAMP to pay all rent

payments to the City begins on the date of the initial achievement of items (1) through (5) above and shall continue from the date of the initial achievement forward, without regard to any subsequent changes in items (1) through (5) above.

In the event Lessor determines it's in the public's best interest to fund the Lessee Debt, estimated at Eight Million Dollars (\$8,000,000), Lessee will pay the Lessor (A) debt service pursuant to the Parties' mutually agreeable loan documents and (B) the Participation Rent upon the initial achievement, regardless of the date, of the following: (1) Lessee's Gross Revenues exceed gross expenses, exclusive of any debt service payments to Lessor; (2) Lessor obtains regulatory permits and Sovereignty Submerged Land Lease revisions which enable Lessee's Marina expansion to at least 165 wet slips; (3) Lessee achieves with its best efforts market rate wet slip rentals with less than twenty (20) percent Vacancy Rate of the completed wet slips (Rent Participation Day"). The obligation of SAMP to pay all rent payments to the City begins on the date of the initial achievement of items (1) through (3) above and shall continue from the date of the initial achievement forward, without regard to any subsequent changes in items (1) through (3) above.

(b) Participation Rent. Beginning on Rent Participation Day, SAMP covenants and agrees to pay the City monthly as Rent an amount to be computed and paid as follows ("Participation Rent"). Participation Rent shall be computed based upon Gross Revenue. Participation Rent shall be paid and settled and based upon Gross Revenue. Participation Rent shall be preliminarily computed and paid monthly and finally computed and settled annually.

- (i) Commencing with the first calendar month next after the month in which the Opening Date occurs, and for each consecutive month thereafter (each a "Generation Month"), SAMP shall record Gross Revenue obtained during that Generation Month.
- (ii) On or before the fifth (5th) Business Day of the calendar month next following each Generation Month (each a "Reporting Month") SAMP shall deliver to the City its internal computation of preliminary Participation Rent due for the preceding Generation Month in accordance with the formulae incorporated in this Sub-Section. SAMP shall cause its record keepers to promptly cooperate with the City to answer and resolve any questions the City may have regarding the computation of preliminary Participation Rent, but SAMP shall not be obligated to make public the amount, calculation or supporting documentation for the amount or calculation of Gross Revenue.
- (iii) On or before the fifth (5th) Business Day of the calendar month next following each Reporting Month (each a "Payment Month"), SAMP shall pay the City in immediately available funds preliminary Participation Rent in the amount reported in the Reporting Month or such other amount as may be adjusted by agreement of the Parties.
- (iv) Participation Rent. SAMP shall pay the City as Participation Rent the amount determined by multiplying Gross Revenue for that same Generation Month by the appropriate percentage shown in the table below in relation to the total Gross Revenue for the applicable Rental Year.

Gross Revenue for the Applicable Rental Year	Percentage of Gross Revenue to be paid as Participation Rent for the Generation Month
\$0 - \$650,000	0%
\$651,000 - \$1,200,000	2%
\$1,200,000 - \$2,000,000	4%
Greater than \$2,000,001	6%

- (v) In sum, Participation Rent shall be initially determined and paid monthly in arrears in a rolling, three consecutive months cycle consisting of the Generation Month, the Reporting Month, and the Payment Month in that order.
 - (vi) Annual Averaging and True-Up. No later than November 15 of each year during the Term, Participation Rent for the immediately preceding Rental Year (October-September) shall be recomputed using the same formulae respecting Revenues but based upon the aggregate data obtained during Rental Year ("Final Participation Rent"). All receipts shall be deemed generated when accrued regardless of when paid or collected. Any underpayment shall be paid by SAMP or any overpayment refunded by the City within sixty (60) days after the related re-computation deadline first above stated. The purpose of this true-up is to broaden the base of the data upon which Participation Rent is based to minimize short term volatility.
 - (vii) The obligation to report and pay Initial and Final Participation Rent shall survive the termination of this Lease by lapse of time or otherwise.
- (c) Payment of Rent and Other Payments. All Rent, Additional Rent, Participation Rent and any other payments hereunder required to be made to the City by SAMP shall be paid to the City at the Office of the City Clerk, 501 Harrison Avenue, Panama City, Florida 32401, or at such other place as the City may designate from time to time in a notice given pursuant to the provisions of Section 13.5, without right of abatement or set off which SAMP expressly waives. Any late payment shall automatically accrue interest at the Default Rate from the date that payment was due until paid.
- (i) Records and Reporting. For the purpose of permitting verification for or by the City of any amounts due to it, including without limitation the amount of Participation Rent, SAMP shall keep and preserve for at least five (5) years in Bay County, Florida, at the address specified in Section 13.5 or at such other place as SAMP may designate from time to time in a notice given pursuant to the provision of Section 13.5, auditable original or duplicate books and records for the Leased Property. All such records shall be maintained in every material respect according to GAAP.
 - (ii) Annually within 180 days after the end of the Rental Year, SAMP at its expense shall provide the City with a writing from a Florida licensed Certified Public Accountant ("CPA") certifying that it performed such procedures as are needed to certify, and does certify, that Rent for the Rental Year has been fully and timely paid or, if not, then certifying the amount of any payments or refunds due. If SAMP shall cause or permit the CPA to timely and fully complete the foregoing examining and certifying functions, in the interests of time and the saving of expense, the City shall accept each such CPA certification on its face unless the City shall

demonstrate that it has good cause to question it. The calendar year ends December 31 each year.

- (iii) If the City has good cause to question the CPA certification, it shall have the right to require SAMP to engage the CPA to audit or conduct an agreed upon procedures examination (acceptable to the City) of such books and records within a commercially reasonable time and report or certify (at the City's election) that Rent, and any other monies due the City under this Lease as specified in the engagement, have been fully and timely paid or, if not, the amount or any payments or refunds due. The City shall pay to SAMP, within thirty (30) days after the audit or examination is complete the out-of-pocket cost of that audit or examination if it demonstrates a discrepancy of three percent (3%) or less, in the amount of Participation Rent due to the City. If SAMP shall fail to timely engage the CPA, or fail to permit the CPA to access all needed or convenient financial books and records, or fail to deliver the foregoing certifications to the City within a commercially reasonable time, the City shall have the right on commercially reasonable notice and during normal business hours to inspect the financial books and records maintained by SAMP and either conduct an audit itself or employ an independent certified public accountant to examine or audit such books and records as may be necessary to certify the amount of Rents due with respect to any period of time and to obtain the information upon which Rents are due. SAMP shall pay the City the cost of the audit regardless of the outcome.
 - (iv) The cost of any audit by the City for which SAMP is required to pay pursuant to this Section shall be the cost charged to the City by its independent auditors, or if done by City personnel, the direct employee salary cost to the City for time spent by said employees in performing such audit, but not in excess of what would have been charged to the City for the same service by the City's outside auditors.
 - (v) In the event any of the foregoing audits or examination shall disclose that, after setting off any compensating errors, any Rent is due for any period of time, or any Rent has been overpaid for any period of time, then SAMP or the City, as appropriate, shall promptly pay or refund the amount disclosed, with interest at the Default Rate from the date of the issuance of the results by the certified public accountant if not paid within thirty (30) days of that date.
 - (vi) In the event of a dispute over the results of any audit conducted pursuant to Section 2.4(d)(iii) or Section 2.4(d)(iv), the Parties shall not take any formal action for thirty (30) days and shall work in good faith to resolve such dispute. At the end of that period of time, the Parties are unable to reach a mutually acceptable resolution, then the Parties shall appoint by mutual agreement the office of an impartial nationally recognized firm of independent certified public accountants ("Independent Accountant") who, acting as experts and not arbitrators, shall resolve the dispute. The decision of the Independent Accountant shall be final, and the fees and expenses of the Independent Accountant shall be paid by the City, on one hand, and SAMP, on the other hand, based upon the percentage that the amount actually contested but not awarded to the City or SAMP, respectively, bears to the aggregate amount actually contested by the Parties.
- (d) Calculation of Rent Payable. The Annual Participation Rent payable during any Lease Year

of the Term, by Lessee to Lessor, in lump sum, within one hundred twenty (120) days after the end of such Lease Year, the amount of the Annual Participation Rent for such Lease Year. For clarity, at all times during the Term, Lessee shall timely deliver to Lessor, on or before the fifteen (15th) day of each month for the previous month, the detailed report of Gross Revenue and, ninety (90) days after the end of each Lease Year, the detailed annual report of Gross Revenue, as and when required hereunder.

- (e) Taxes Applicable to Rental. Lessee shall pay to Lessor all sales, excise, use and rental taxes, if any, applicable to the Annual Participation Rent, and any Additional Rent with the installment of, and in addition to, all rental payments to which such taxes apply. Lessor shall be responsible for prompt payment of all such taxes to the Florida Department of Revenue or other Applicable Authorities.
- (f) Fractional Years. If the Participation Rent Day shall be on a date other than the first day of a calendar year or terminate on a date other than the last day of a calendar year, Annual Participation Rent for such fractional part of the calendar year following the Participation Rent Day shall be paid at the specified rate for all Gross Revenue made during such fractional part of a calendar year.
- (g) Lessor's Capital Improvement Sinking Fund. Lessee shall deposit into a designated account known as the Capital Improvement Sinking Fund the sums of money designated for maintenance as set forth in Section 12.4 for expenditures outlined in Sections 12.3 and 12.4 below.

Section 2.5 Covenants for Payment of Public Charges by SAMP.

- (a) Payment of Public Charges. SAMP, in addition to the Rent and all other payments due to City hereunder, covenants and agrees timely to pay and discharge, before any fine, penalty, interest, or cost may be added:
 - (i) all real and personal property taxes, all leasehold intangible personal property tax, all taxes on Rents payable hereunder and under any permitted Sublease, and any other public charges; and
 - (ii) non-discriminatory Special Assessments pursuant to Section 2.5(e), electric, water and sewer rents, rates and charges levied, assessed or imposed by any Governmental Authority against the Leased Property, including all Lessee Improvements thereon, in the same manner and to the same extent as if the same, together with all Lessee Improvements thereon were owned in fee simple by SAMP; and
 - (iii) any other non-discriminatory impositions including or in the nature of a property or excise tax, assessment or fee imposed by any governmental authority on or for the Leased Property, this Lease, SAMP's interest in the Leased Property, the privilege of doing business in the Leased Property, or on account of any benefit delivered to or burden relieved from the Leased Property; (collectively, "Public Charges").
- (b) SAMP's obligation to pay and discharge Public Charges with respect to the Leased Property shall not commence until the Possession Date. However, should the Bay County Property Appraiser determine that the Leased Property is taxable prior to the Possession Date, SAMP shall pay the taxes levied and at its option and expense may challenge such determination which challenge the City will support as may be required by law.

- (c) Reserved.
- (d) Contesting Impositions. SAMP shall have the right to contest the amount or validity, in whole or in part, of any Public Charges imposed after the Possession Date for which SAMP is, or is claimed to be, liable, by appropriate proceedings diligently conducted. Upon the termination of any such proceedings, SAMP shall pay the amount of such Public Charges or part thereof, if any, as finally determined in such proceedings, together with any costs, fees, including counsel fees, interest, penalties and any other liability in connection therewith. Where the Public Charge must be paid regardless of whether challenged (and thereby subject to a refund), SAMP shall timely pay those charges even if it intends to challenge. The City shall not be required to join in any proceedings referred to in this Section 2.5(d) unless:
 - (i) governmental Requirements shall require that such proceedings be brought by or in the name of City; or
 - (ii) the proceeding involves the assessment or attempted assessment of a real estate or ad valorem tax on the Leased Property, in which event the City shall join in such proceedings with counsel of its choice or permit the same to be brought in the City's name, both at SAMP's expense.
 - (iii) The City shall not be subjected to any liability to pay any fees, including counsel fees, costs and expenses regarding such proceedings. SAMP agrees to pay such fees, including commercially reasonable counsel fees, costs and expenses or, on demand, to make reimbursement to the City for such payments.
- (e) Special Assessments. The City retains all its governmental rights to impose nondiscriminatory special assessments or other public charges on the Leased Property, or to impose a non-discriminatory user fee for public services provided by or through the City. SAMP will be treated the same as similarly sized and situated properties or users. SAMP covenants and agrees to pay all special assessments levied on the Leased Property that may become due during the Term.

Section 2.6 City's Proprietary Capacity Only. Except where expressly stated otherwise in this Lease or required by law, all rights, remedies, privileges, approvals, options and other matters, express or implied, to which the City may be entitled under this Lease or by operation of law with respect to the things in this Lease, shall be and are conclusively deemed to be, held by the City in its proprietary and not governmental capacity, and no action taken by the City pursuant to any of those entitlements shall be construed to be the exercise or waiver of the City's governmental or police powers. Nothing herein shall be construed to prevent or impair the City's exercise of its governmental or police powers.

ARTICLE III

CONSTRUCTION OF IMPROVEMENTS

Section 3.1 Pre-Construction Responsibilities. Lessee shall be responsible for conducting all site suitability and environmental, soil, and subsurface support testing necessary or convenient to prepare, and for preparing all plans and specifications for constructing the Lessee Improvements. Prior to construction of improvements, Lessee shall present to the Lessor for approval and permitting such plans pursuant to the City's Code of Ordinances, applicable laws and applicable

building codes. Lessee shall construct according to the Approved Plans. ("Exhibit B").
Section 3.2 Reserved.
Section 3.3 Reserved.

Section 3.4 Facilities to be Constructed. SAMP agrees to construct in a good and workmanlike manner the buildings, structures, horizontal and vertical infrastructure, and facilities on the Leased Property.

Section 3.5 Schedule of Performance. The schedule below ("Schedule of Performance") sets forth the anticipated dates of progress. (collectively "Work") SAMP shall prosecute completion of the Work with all reasonable diligence to substantially meet the Schedule of Performance. Except for a Force Majeure event or Acts of God, the dates in the Schedule of Performance shall not be extended without the City's consent which shall not unreasonably be denied or delayed if it is more likely than not that the extension will prove in the long term to have served the best economic and social interests of the Leased Property and the City's.

Phase 1: Docks 2, 3, 4, and 5 (50 Slips) (Exhibit "D")

- Lessee will apply for Governmental Approvals within 30 days of the Effective Date
- Lessee will commence construction within 30 days after issuance of Government Approvals
- Certificate of Occupancy application will be filed on or before May 1, 2025
- Upon completion, 28 vessels from Dock 1 will be moved to Phase 1 docks

Phase 2: Dock 1 Demolition, Interior Bulkhead Repair, Dock 1 (28 Slips) (Exhibit "E")

- Lessee will apply for Governmental Approvals and SLL revision prior to completion of Phase 1
- Lessee will commence construction within 30 days after issuance of Government Approvals
- Upon completion, vessels from Phase 1 will be moved to Dock 1 on or before April 30, 2027

Phase 3: Docks 6 and 7, Day Dock, Remaining Slips (87 Slips) (Exhibit "F")

- Lessee will commence construction within 30 days after issuance of Governmental Approvals
- Upon completion, vessels from Phase 1 will be moved to Dock 1
- Certificate of Occupancy application will be filed on or before April 30, 2027

Phase 4: Exterior Bulkhead Repair

- Lessee will apply for Governmental Approvals no later than 30 days of Phase 3 completion
- Lessee shall commence construction within 30 days after issuance of Building Permit
- Certificate of Occupancy application will be filed on or before October 1, 2029

Section 3.6 Access. Prior to the Possession Date, the City hereby grants SAMP a license and commercially reasonable access to the Leased Property whenever and to the extent necessary to carry out the pre-possession activities contemplated by this Lease also including construction of Docks 2, 3, 4 and 5, but such pre-possession access shall not unreasonably interfere with such parking and public use of the Marina, including without limitation the open spaces and boat ramp. However, the Lessor will provide Lessee adequate space for construction activities including material laydown area, equipment storage area and adequate upland safety zones. With respect to the use of such access, SAMP, at all times and at its sole cost, shall maintain and require any contractor in privity with SAMP to maintain comprehensive general public liability insurance as required in Article IX.

Section 3.7 Construction Period.

- (a) For each construction phase, SAMP shall:
 - (i) Perform and complete the Work;
 - (ii) Select the means and methods of construction. Only adequate and safe procedures, methods, structures and equipment shall be used;
 - (iii) Furnish, erect, maintain and remove such construction improvements and such temporary work as may be required; and be responsible for the safety, efficiency and adequacy of the improvements, appliance and methods used and any damage which may result from failure, improper construction, maintenance or operation of such improvements, appliances and methods;
 - (iv) Provide all architectural and engineering services, scaffolding, hoists, or any temporary structures, light, heat, power, toilets and temporary connections, as well as all equipment, tools and materials and whatever else may be required for the proper performance of the Work;
 - (v) Order and have delivered all materials required for the Work and shall be responsible for all materials so delivered to remain in good condition;
 - (vi) Maintain the Leased Property in a clean and orderly manner at all times commensurate with the public waterfront nature of the Leased Property, and remove all paper, cartons and other debris from the Leased Property;
 - (vii) Protect all Work prior to its completion and acceptance;
 - (viii) Preserve all properties and improvements adjacent and leading to the Leased Property site, and restore and repair any such properties or improvements damaged as a result of construction of the buildings, structures and infrastructure for the Leased Property, whether such properties or improvements are publicly or privately owned;
 - (ix) Preserve all sub-surface or exposed material, improvements and other infrastructure supporting or constituting the Leased Property site which SAMP acknowledges to be artificial land, including without limitation bulkheads, caps, tie-backs, dead-men, pilings, fill, and similar or related items, and restore and repair any such infrastructure damaged as a result of construction of the buildings, structures and infrastructure for the Leased Property; and
 - (x) SAMP shall carry on any construction, maintenance or repair activity with diligence and dispatch and shall use diligent efforts to complete the same in the shortest commercially reasonable time under the circumstances.
- (b) SAMP shall take commercially reasonable precautions to protect and shall not damage property adjacent to the Leased Property, or which is in the vicinity of or is in anywise affected by the Work and shall be entirely responsible and liable for all damage or injury as a result of its operations to all adjacent public and private property.
- (c) SAMP shall at all times enforce discipline and good order among its employees and the general contractor at the Leased Property site.

Section 3.8 Status Reports. SAMP shall deliver to the City as requested reports to keep the City informed about the progress of the Work.

Section 3.9 Certificate of Final Completion

- (a) Promptly after completing the Work and SAMP's receipt of a Certificate of Occupancy, as applicable, for Phase 1, Phase 2, Phase 3 and Phase 4 of the Work, the City as landlord (in its proprietary capacity) will deliver to SAMP an appropriate instrument so certifying for the purposes of this Lease (the "Certificate of Final Completion") in recordable form;
- (b) The Certificate of Final Completion shall certify that, to the best of the City's knowledge, SAMP has satisfied all of its obligations to the City in its capacity as landlord under this Lease regarding constructing of Phase 1, Phase 2, Phase 3 or Phase 4 and any other improvements on the Leased Property.

Section 3.10 Connection of Buildings to Utilities, Impact Fees and Assessments.

- (a) SAMP, at its sole cost and expense for the Leased Property shall install or cause to be installed all necessary connections between the buildings and structures of the Leased Property and sanitary and storm drains and retention, detention or other similar facilities, and mechanical and electrical conduits whether or not owned by the City.
- (b) The City at its sole expense will provide potable water, fire flow, wastewater collection and transmission, electrical service and internet access to the property line of the Leased Property at the intersection of Bayview Avenue and 10th Street sufficient to comply with applicable codes for Lessee's 165 wet slips, the Marina Ship Store as well as the City's possible expansion of the Marina.
- (c) SAMP shall pay for the cost for the Leased Property of locating, grounding and installing new facilities on the Leased Property for sewer, water, electrical, stormwater and other utilities as needed to service the Leased Property and, at its sole cost and expense, will install or cause to be installed inside the property line of the Leased Property, all necessary utility lines, with adequate capacity and the sizing of utility lines for the Leased Property, as contemplated on the Approved Plans.
- (d) The transactions contemplated by this Lease shall not be asserted to avoid the payment of applicable and non-discriminatory special non-ad-valorem special assessments, water or sewer impact fees on the Leased Property in conjunction with the development of the Leased Property or subsequent use of the Leased Property at any time in the future.

Section 3.11 Permits and Approvals. SAMP shall secure and pay for all Governmental Approvals for the Work including without limitation, any alterations and renovations made pursuant to Section 3.13, and shall pay all fees and charges due to the City in its governmental capacity or any other Governmental Authority connected with issuing such Governmental Approvals.

Section 3.12 Reserved.

Section 3.13 Alterations and Renovations. After completing the Work, SAMP may make alterations or renovations as it deems necessary, desirable or appropriate after obtaining any Governmental Approvals necessary for such alterations or renovations; provided, that, SAMP shall not undertake any material alteration or renovation that would expand the footprint of the Lessee Improvements or increase the height of any buildings comprising the Lessee Improvements without the City's written approval.

Section 3.14 Reserved.

Section 3.15 Reserved.

Section 3.16 Ownership of Improvements. All of the Improvements of any nature constructed by Lessee on the Marina including the Lessee Improvements and alterations of the Lessee Improvements and other alterations made pursuant to the provisions of this Lease shall be owned by and shall be the property of Lessor unless Lessee independently obtains financing for Lessee Improvements, in which case Lessee shall own Lessee Improvements for the Term. Upon the termination of this Lease, whether by expiration of the term hereof or by reason of default on the part of Lessee, or for any other reason whatsoever, the Improvements (including the Lessee Improvements), and all parts thereof shall merge with the title of the land, free of any claim of Lessee and all persons and corporations (subject to the provisions of Article XIV hereof with respect to the rights of Leasehold Mortgagees holding Leasehold Mortgages, as both such terms are hereinafter defined it being understood that the Leasehold Mortgage should in no event have a maturity date which extends beyond the Expiration Date) claiming under or through Lessee (except for purchase money security interests in equipment and except for trade fixtures and personal property of Lessee that can be removed without damage to the Improvements).

Section 3.17. Condition Upon Lease Expiration. Lessee shall deliver Marina to Lessor in reasonably good condition, ordinary wear and tear excepted, upon the termination or expiration of the Lease Term. Upon the termination of this Lease, Lessee, at Lessor's request, will execute a recordable instrument evidencing the termination of this Lease and stating the termination date. Notwithstanding anything herein to the contrary, in the event the Lease terminates prior to Lessee receiving its expenditures for capital improvements on the Leased Property, Lessor will ensure Lessee receives a commercially reasonable rate of return on its investment on the Lessor's property.

Section 3.18. Unavoidable Delays. The time for the performance of Lessee's obligations relative to the construction, restoration, repair, operation and maintenance of the Improvements as provided for in this Lease shall be extended for the period that such performance is due to an Unavoidable Delay. The term "Unavoidable Delay" shall mean all failures or delays in a party's performance of its obligations hereunder not within such party's reasonable control, including without limitation, the impossibility of such performance which shall result from or be caused by any arbitration, legal proceedings or other litigation threatened, instituted against or defended by such party, in good faith, and not merely for purposes of delay, act of God, acts of the public enemy, wars, blockades, epidemics, earthquakes, storms, floods, explosions, strikes, labor disputes, work stoppages, riots, insurrections, breakage or accident to machines or lines or pipe or mains, lawful acts of any governmental agency or authority restricting or curtailing the construction of the Improvements or withholding or revoking necessary consents, approvals, permits or licenses, including without limitation, the Approvals, equipment failures, inability to procure and obtain needed building materials (provided such party who is unable to do so makes reasonable efforts to procure satisfactory substitute materials if practical) whether as a result (directly or indirectly) of any lawful order, law or decree of any governmental authority or agency

or otherwise, and any other cause whether of the kind herein referred to or otherwise; provided, that such party shall pursue with reasonable diligence the avoidance or removal of such delay. The inability or refusal of a party to settle any labor dispute shall not qualify or limit the effect of Unavoidable Delay. The inability of a party to secure funds required to perform its agreements hereunder shall not constitute Unavoidable Delay. A party claiming the benefit of an Unavoidable Delay must notify the other party within ten (10) days of the date the claiming party becomes aware of the existence of the Unavoidable Delay.

Section 3.19. Lessee's Work. Lessee shall have no right, authority or power to bind Lessor, or any interest of Lessor in the Marina, for any claim for labor or material or for any other charge or expense incurred in connection with any construction work done by Lessee within the Marina or any change, alteration or addition thereto, or replacement or substitution therefor, nor to render the Lessor's interest in the Marina liable to any lien or right of lien for any labor or material or any other charge or expense incurred in connection therewith, and Lessee shall in no way be considered as the agent of Lessor in the construction or operation of the Improvements or any replacement or substitution therefor. All persons performing work, labor or supplying materials at the Marina on behalf of Lessee shall look solely to Lessee and not to that of Lessor for sums owed.

Section 3.20. Zoning, Permits & Approval by City. Irrespective of any other provisions of this Lease or additions thereto, the obligations of Lessee under this Lease are conditioned upon (a) approval of the plans and specifications for the Improvements by the Lessor and any Applicable Authorities, and (b) the issuance of appropriate development orders and building permits for the construction of the Improvements upon the Marina. Lessor, in its capacity as Lessor under this Lease (without waiver of Lessor's regulatory rights or duties provided by Governmental Regulations) and without expense to Lessor, hereby agrees to reasonably cooperate with Lessee in securing the aforesaid permits and approvals and hereby grants Lessee the right to make application for them in the name of Lessor, if necessary. All expenses and liabilities incurred in obtaining the permits and license referred to in this paragraph shall be the responsibility of Lessee. Lessor is responsible for all construction, permitting and regulatory costs associated with the Bulkhead Improvements. Nothing in this Agreement is intended to limit or restrict the regulatory or police powers and responsibilities of the City in acting on such applications by virtue of the fact that the City may have been required to consent to such applications as a property owner under this Lease.

Section 3.21. Payment and Performance Bond. Prior to commencement of construction of the Lessee Improvements and the Lessor Improvements by Lessee, the Lessee shall provide to Lessor either a commercially reasonable letter of credit or a copy of a Payment and Performance Bond, in the amount of the proposed costs of the Lessee Improvements and the Lessor Improvements as surety for faithful performance under the terms and conditions of this Lease, in conformity to the essential requirements of Section 255.05, Florida Statutes. The Payment and Performance Bond for the Lessee Improvements shall apply only to (and the sum payable thereunder shall be based solely upon) the (a) above and below-ground infrastructure, and (b) core and "plain vanilla shell" construction of buildings and structures that are part of the Lessee Improvements, but not specific interior improvements constructed by Lessee under a sublease of a portion of the Lessee Improvements. The Payment and Performance Bond for the Lessor Improvements shall apply to

the Bulkhead Repairs and in an amount equal to the cost thereof. Such bonds shall identify Lessor as an additional obligee and may not be cancelled until the Project Completion Date for each of the four construction phases, subject to any commercially reasonable qualifications and requirement imposed by Lessee's bonding company or agent.

ARTICLE IV

LAND USES

Section 4.1 Land Use Designation. SAMP agrees and covenants to devote, during the term of this Lease, the Leased Property only to the uses specified in this Lease and to be bound by and comply with all the provisions and conditions of this Lease. SAMP shall not seek or obtain different uses or a change in such uses either by requesting a zoning change, variance, or by court action or administrative action without first obtaining the City's consent, which consent may be granted or denied in the City's sole and unfettered discretion.

Section 4.2 Sovereign Submerged Land Lease. Lessor holds a Fee Waived Sovereignty Submerged Land Lease. The Parties agree to collaborate to seek lease extensions, lease renewals and lease area expansion as the Parties mutually agree. The Parties agree that to the extent the lease must be amended or modified, the Parties agree to collaborate to seek such amendments or modifications. Failure to obtain necessary amendments or modifications to the Sovereign Submerged Land Lease to accommodate Approved Plans shall be deemed a failure to obtain necessary Governmental Approvals for such structures, facilities, improvements or uses.

ARTICLE V

TRANSFERS

Section 5.1 Purpose of Restrictions on Transfer. This Lease is granted to SAMP solely to develop the Leased Property, and to establish and stabilize its subsequent operations according to the terms hereof, and not for speculation in landholding or development. SAMP recognizes that, in view of the importance to the general welfare of the City and the community of properly developing the Leased Property and maintaining and operating the Leased Property and related activities, the qualifications of SAMP's is of particular interest to the community and the City. SAMP acknowledges that only because of SAMP's experience, reputation, financial strength, unique assets, and other well-known qualifications and identity that the City is entering this Lease with SAMP, and, in so doing, that the City is relying not merely on SAMP's obligations to faithfully perform all its undertakings and covenants expressed and necessarily implied in this Lease, but also on SAMP's unconditional guarantee of SAMP's performance of those things.

Section 5.2 Transfers. No Transfer of SAMP's interest in this Lease and the entire Leased Property may be made, suffered or created by SAMP, or its permitted successors (1) within five (5) years of Possession Date; nor (2) without the consent of the Governing Body of the City. No Transfer may be made after five (5) years of Possession Date except as permitted below to a Permitted Transferee. Any Transfer that violates this provision shall be null and void *ab initio* and of no force and effect. The City hereby consents to the Transfer to a Lender or any other Person of all, but not less than all, of SAMP's leasehold interest under this lease as a result of foreclosure

proceedings, the granting of a Deed in Lieu of Foreclosure, or through any other judicial process, each to satisfy the repayment of money owed by SAMP, and in each case at the conclusion of a series of financing events all of which were in strict compliance with the terms and conditions of Article VI (such Transfer a "Permitted Transfer" and such Lender or Person a "Default Tenant" and a "Permitted Transferee").

Section 5.3 Permitted Transfers. The City agrees to timely consent to the following Transfers of SAMP's interest in this Lease:

- (a) Subject to the City's right of first refusal in Section 5.5, a Transfer of all, but not less than all, of SAMP's interest in this Lease and the entire Leased Property to an Acceptable Tenant through the process set forth in Exhibit "C".
- (b) A Transfer of SAMP's interest in this Lease to an institutional investor only as security for a loan of money if in strict compliance with the terms and conditions of Article VI.

Each of the foregoing transfers shall be referred to as a "Permitted Transfer" and each of the foregoing transferees shall be referred to as a "Permitted Transferee." Upon any Permitted Transfer (except to an Institutional Investor or to a Default Tenant), SAMP shall be released from any of its obligations under this Lease assumed by the Acceptable Tenant arising after the date of Transfer. The City shall not be entitled to share in any profit or proceeds received by SAMP from a Permitted Transfer. All Transferees, whether an Acceptable Tenant or a Default Tenant or an Institutional Investor, shall be subject to the City's option to purchase this Lease set forth in Section 14.2.

Section 5.4 Obtaining City's Consent to Transfer. To make a Permitted Transfer pursuant to Section 5.3 SAMP shall give or cause to be given to the City written notice requesting consent to the Transfer and submitting all information necessary for the City to evaluate the proposed transferee and the Transfer and to obtain the City's consent to same. Any consent to a Transfer shall not waive the City's right to consent to a subsequent Transfer.

Section 5.5 City's Right of First Refusal.

- (a) During the Term, if SAMP or any Permitted Transferee (in this Section 5.5 alone the "Transferor") decides to Transfer its interest in this Lease, pursuant to Sections 5.2 and 5.3 (except a Transfer to an Institutional Investor as security for a loan or an authorized judicial transfer to a Default Tenant as to which the City shall have no right of first refusal) then such Transferor shall first provide the City with a copy of the bona fide, written offer (the "Offer") from an arms-length third party who proposes to be an Acceptable Tenant (the "Proposed New Tenant"), setting forth all of the terms and conditions of the Transfer and including the evaluation information set forth in Exhibit "C" with respect to the Proposed New Tenant. Upon receipt of the Offer, the Transferor and the City shall follow the Acceptable Tenant qualification process set forth in Exhibit "C" with respect Proposed New Tenant.
- (b) The City shall have the right for forty-five (45) days following receipt of the Offer to elect to acquire the interest proposed to be transferred from the Transferor to the Proposed New Tenant on the terms and conditions set forth in the Offer (the "Right of First Refusal"), except that if the City's review period for the Proposed New Tenant is extended pursuant

to Exhibit "C", Section C(4), the City's time period for the exercise of its Right of First Refusal shall be extended accordingly.

- (c) The City shall exercise its Right of First Refusal by giving written notice to the Transferor, specifying a date not earlier than 30 days and not later than 60 days after the date of its election to purchase on which the City will complete the closing on the Transfer. If the City does not elect to exercise its Right of First Refusal, the Transferor shall be free to complete the Transfer to the Proposed New Tenant in accordance with the Offer and this Lease. If any of the material terms or conditions of the Offer change prior to the closing with the Proposed New Tenant, the Transferor must give written notice of such change to the City, and the City shall have a forty-five (45) day period during which it may elect to acquire the interest of the Transferor proposed to be Transferred on the terms and conditions set forth in the revised Offer.

Section 5.6 Effectuation of Transfers. No Transfer shall be effective until all of the following conditions precedent are satisfied:

- (a) Executed copies of the Transfer documents and other agreements between the parties to the Transfer are delivered to the City; and
- (b) All Parties to this Lease have executed and delivered a current Estoppel Certificate; and
- (c) Each Permitted Transferee shall have executed and delivered to the City and SAMP, severally, a current Estoppel Certificate relating to all agreements between the Permitted Transferee and the Transferor.

Section 5.7 Subleasing or Licensing. Notwithstanding anything or impression in this Lease to the contrary, SAMP shall not enter or offer to enter a Sublease or issue a license of more than one (1) year without the prior approval of the City Manager as to the nature of the Subtenant's or licensee's use and any alteration of the Leased Property involved, which approval shall not be unreasonably withheld or delayed and shall be based upon consideration of such factors as, by way of illustration and not limitation, whether the Sublease or license is consistent with the public image for St. Andrews and the Marina which the City has demonstrated its intention to promote, the size and duration and economic value of the Sublease or license, and whether the Sublease or license alone or in conjunction with other Subleases or licenses may in any significant way cause SAMP's control of the Leased Property in accordance with this Lease to be diminished which the City will not permit.

ARTICLE VI

MORTGAGE FINANCING; RIGHTS OF MORTGAGEE AND SAMP

Section 6.1 SAMP Financing.

- (a) At any time during the term of the Lease SAMP may request the City to consider providing financing to SAMP in an amount that does not exceed (i) the Cost of Lessee Improvements minus Lessee Equity and (ii) the cost to perform its obligations to perform capital improvements pursuant to Section 12.3, and in response the City may offer to provide such financing pursuant to Section 6.1(c). Further, SAMP shall have the right, subject to the City's approval as provided herein, during the Term to subject SAMP's leasehold interest in the Leased Property to a first leasehold mortgage, deed of trust, assignment of lease,

security agreement or other method of financing or refinancing (a "Leasehold Mortgage"), or to any one or more extensions, modifications or renewals or replacements of a Leasehold Mortgage, securing a loan of money with no more than one Lender or one lead Lender in a participating group in an amount that (i) does not exceed (i) the Cost of Lessee Improvements minus Lessee Equity and (ii) the cost to perform its obligations to perform capital improvements pursuant to Section 12.3. Prior to executing a Leasehold Mortgage, SAMP shall notify the City in writing of the name and address of the Lender, a copy of the Leasehold Mortgage, and a copy of the proposed instrument(s) evidencing the loan of money secured by the Leasehold Mortgage. Within thirty (30) days after notification from SAMP of the proposed Leasehold Mortgage, the City may offer to provide financing to SAMP as provided in Section 6.1(c). In the event (i) the Parties, after good faith negotiations that do not exceed thirty (30) days are unable to agree to an amendment to this Lease Agreement as provided in Section 6.2 or (ii) the City does not offer to provide financing within thirty (30) days, then the failure to negotiate an amendment to this Lease Agreement or the City's inaction to offer financing shall be deemed an approval of the Leasehold Mortgage as submitted by SAMP.

- (b) No voluntary action by SAMP to cancel, surrender, terminate or modify this Lease shall be binding upon or effective as against the Lender, no cancellation (other than a termination of this Lease by the City pursuant to the terms hereof), surrender or modification of this Lease or waiver or amendment of any provision of this Lease shall be binding upon or effective as against any Lender, and the City shall not enter into an agreement with SAMP to amend, modify, terminate or cancel this Lease and shall not permit or accept a surrender of this Lease without, in each case, the prior written consent of the Lender.
- (c) As an alternative to SAMP financing as provided above for the Leased Property, the City may offer to provide financing to SAMP with more favorable terms than SAMP has obtained from a bank or other third party, and such terms to include amount of money loaned, rate of interest paid, and debt amortization schedule. If the terms offered by the City are more favorable than what SAMP has obtained from a bank or other third party, then SAMP will in good faith consider the City offer, and the Parties will in good faith negotiate an amendment to this Lease Agreement that will provide the terms of a loan between the Parties and adjustments to other terms of the Lease that include an increase to the City's Rent.

Section 6.2 City's Financing. The City shall have the right to pledge as security for any loan or bond issued to provide for City financing the payments made by Lessee pursuant to this Lease and any amendment to support any such City financing.

Section 6.3 Notice to Lender. Provided Lender and SAMP have provided the City with written notice of the name and address of the Lender, then in the event SAMP shall be in default under this Lease, the City shall send a copy of the written notice of the default to Lender. Lender shall have thirty (30) days after the expiration of any applicable grace periods with respect to such default within which to cure or remove such default, and if the default cannot with diligence be cured within such thirty (30) day period, then Lender shall have a reasonable time thereafter to effect such cure, provided that Lender promptly commences to cure the same and thereafter pursues the curing of the default with diligence. Notwithstanding any other provision of this Lease,

the City shall not have any right pursuant to this Lease or otherwise to terminate this Lease due to SAMP's default unless the City shall have first given a copy of the written notice of default to Lender and unless Lender shall have failed to cure or remove, or cause to be cured or removed, the default, within the time required by this Section 6.3. Notwithstanding anything contained herein to the contrary, a Lender shall not be required to cure or remedy any default (a "Non-Curable Default") which (i) is not a default in the payment of money or (ii) is not a default in the repair or maintenance of the Leased Property, including maintaining the exterior appearance and attractiveness of the improvements and all landscaping, or any part thereof, or like obligation, (iii) is not a default in the maintenance of insurance or any like obligation, and (iv) is a default which cannot be cured by the Lender, such as a bankruptcy by SAMP or a wrongful assignment of this Lease or a wrongful subletting of the Leased Property, and upon foreclosure or other acquisition of SAMP's interest in this Lease by the Lender or its designee, all Non-Curable Defaults shall be deemed to have been fully cured as to the Lender, its designee and its successors and assigns.

Section 6.4 Acceptance of Cure. The City will accept performance by Lender, within the applicable period set forth in Section 6.3 above, of any covenant, agreement or obligation of SAMP contained in the Lease with the same effect as though performed by SAMP.

Section 6.5 New Lease.

- (a) Rejection of this Lease by the City in a bankruptcy proceeding involving the City shall not constitute a termination of this Lease unless SAMP, with the Lender's consent, or the Lender acting on its behalf, elects pursuant to any debtor relief laws to treat this Lease as terminated. If this Lease shall not be treated as terminated under debtor relief laws, SAMP (or the Lender if it has succeeded to SAMP's interest herein) may remain in possession thereof and this Lease shall continue in full force and effect in accordance with its terms, except as such terms may be modified by such debtor relief laws. If this Lease is rejected in a bankruptcy proceeding involving the City pursuant to debtor relief laws and if SAMP (or the Lender on its behalf) elects pursuant to any debtor relief laws to retain its rights under this Lease, then the rights and remedies of the Parties will continue to be governed by the terms of this Lease and SAMP shall continue to have all rights of a tenant under applicable law. The City agrees that the rights of the Lender under the Leasehold Mortgage and any other document or instrument executed and delivered in connection with the Leasehold Mortgage shall not be affected or impaired by the rejection of this Lease by the City. The City agrees to provide the Lender with at least ten (10) business days' prior written notice of its intent to seek to reject this Lease in any bankruptcy proceeding involving the City and that it shall not object to the Lender's standing to file pleadings, appear in court or otherwise take any and all actions which the Lender deems necessary or desirable in order to protect its rights under the Leasehold Mortgage or its interest in the Leased Property. The Parties agree, for the benefit of the Lender, that upon any such rejection of this Lease by the City, the right to exercise the election arising under the debtor relief laws either to treat this Lease as terminated or to retain SAMP's rights hereunder shall be exercisable exclusively by the Lender and not by SAMP. Pending the City's written receipt of notice from the Lender as to such election, SAMP shall without further act or deed be deemed to have elected to retain its rights under this Lease and to remain in possession of the Leased Property.

- (b) In the event of the rejection or disaffirmance of this Lease by SAMP pursuant to any debtor relief laws, the City will enter into a new lease of the Leased Property with Lender or its designee or nominee within thirty (30) days after the request of Lender. The new lease shall be effective as of the date of rejection or disaffirmance of this Lease and shall be upon the same terms and provisions contained in this Lease (including the amount of the Rent and other sums due from SAMP hereunder). In order to obtain a new lease, Lender must make a written request to the City for the new lease within sixty (60) days after the Lender is notified in writing of the effective date of rejection or disaffirmance of the Lease by SAMP, as the case may be, and the written request must be accompanied by a copy of the new lease, duly executed and acknowledged by Lender or the party designated by Lender as SAMP. In addition, Lender must cure all defaults under the Lease that can be cured by the payment of money and pay to the City all Rent and other sums that would have been due and payable by SAMP under this Lease but for the rejection or disaffirmance of Lender's rights under this Section 6.5(b) are in addition to, and not limited by, Lender's right to cure under Section 6.3. From the effective date of rejection or disaffirmance of this Lease to the date of execution and delivery of such new lease or the expiration of the period during which Lender may make a request; Lender may, upon payment of the Rent and any other sums as may be due from SAMP, use and enjoy the leasehold estate created by this Lease without hindrance by the City. For so long as any Lender shall have the right to enter into a new lease with the City pursuant to this Section 6.5, the City shall not enter into a new lease of the Leased Property with any Person other than such Lender, without the prior written consent of such Lender.

Section 6.6 Delay for Foreclosure. If the City has given Lender notice of SAMP's default under Section 6.3 and Lender desires to cure SAMP's default but is unable to do so while SAMP is in possession of the Leased Property, or during the period of time that Lender's proceedings are stayed by reason of SAMP being subject to Chapter 7 or 11 of the Bankruptcy Code of the United States, as amended, or if the City has elected to terminate this Lease and Lender desires to obtain a new lease pursuant to Section 6.5 but has not yet acquired SAMP's leasehold interest in this Lease, then Lender shall have the right to postpone the specified date for effecting a cure of this Lease or obtaining a new lease for a period reasonably sufficient to enable Lender or its designee to acquire SAMP's interest in this Lease by foreclosure of its Leasehold Mortgage or otherwise, as long as the City is paid the Rent and other sums due under this Lease during the postponement. Lender shall exercise the right to extend the cure period or the date for obtaining a new lease by giving the City notice prior to the last date that the City would otherwise be entitled to elect a cure or obtain a new lease within the Term and by tendering to the City any Rent and other charges then in default.

Section 6.7 No Surrender. If any Leasehold Mortgage known to the City is in effect, the City will not accept a voluntary surrender of this Lease.

Section 6.8 No Subordination of Fee. Nothing contained in this Agreement shall be or ever will be construed as a subordination to any Leasehold Mortgage of the City's fee interest in the Leased Property or its reversionary interest in the Lessee Improvements. Upon the expiration or termination of this Lease, except as specifically otherwise provided in this Article VI, any

Leasehold Mortgage of SAMP's interest in the Leased Property shall be null and void.

Section 6.9 Transfer to a Default Tenant. The City agrees that:

- (a) A Default Tenant shall become a substituted tenant under this Lease as provided in Section 5.2 without necessity of any additional consent of or approval by the City;
- (b) If the Default Tenant is the Lender or a nominee or designee of Lender, (i) such Person shall not be required to assume SAMP's obligations under this Lease, but shall be deemed to have agreed to perform all of SAMP's obligations hereunder arising or accruing from and after the date of such acquisition and for so long as such Person is the owner of the leasehold estate; (ii) such Person, upon a Permitted Transfer of all of its interest or control in the leasehold estate such Person shall be relieved of all obligations and liabilities under the Lease other than those arising or accruing while such Person is the owner of the leasehold estate; and (iii) the City shall look solely to the interest of such Person in the Leased Property in the event of the breach or default by such Person under the terms of this Lease and the City agrees that any judgment or decree to enforce the obligations of such Person shall be enforceable only to the extent of, and such Person's liability hereunder shall be limited to, such Person's interest in the Leased Property.
- (c) The Parties covenant that, to confirm the automatic vesting of title to this Lease in a Default Tenant as provided in this paragraph, each will execute and deliver such further assurances and instruments of assignment and conveyance as may be commercially reasonably required by the other or the purchaser at foreclosure sale or the Default Tenant assignee for that purpose.

Section 6.10 Recognition Agreement. The City agrees that it will, from time to time, and at SAMP's or Lender's request, execute a ground lessor/recognition agreement with and in favor of any Lender in connection with SAMP financing or refinancing of all or part of the purchase of SAMP's interest in the Lease and/or the construction or renovation of the Lessee Improvements. Such agreement shall be in form and content reasonably acceptable to such Lender and the City and will be provided by the City upon the written request of Lender or SAMP within fifteen (15) days of written request therefor.

Section 6.11 Lender as Beneficiary: Nonliability for Covenants. The provisions of this Article VI are for the benefit of any Lender and may be relied upon and shall be enforceable by any Lender as if such Lender were a party to this Lease.

Section 6.12 Leasehold Mortgage Subordinate to City's Option to Purchase Lease. The Leasehold Mortgage shall be, and shall expressly recite that it is, subordinate to the City's options to repurchase this Lease. Provided Lender and SAMP have provided the City with written notice of the name and address of the Lender, then the City shall give the Lender prompt, written notice of the exercise of its option.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default by SAMP. Each of the following occurrences shall constitute an

"Event of Default" of SAMP under this Lease:

(a) Failure of Payment of Money.

- (i) Failure of SAMP to pay any Rent, Additional Rent, Public Charges, Debt Service on a loan from the City or any other payments of money as herein provided or required when due. In the event that any Rent, Additional Rent, Public Charges, Debt Service on a loan from the City or other payment of money is not paid to the City on the date the same becomes due and payable, the City shall give SAMP written notice and a fifteen (15)-day grace period following delivery of that notice to pay same prior to such failure being deemed an "Event of Default";
- (ii) If SAMP fails to pay to the City the amount due within the fifteen (15) day grace period, SAMP shall then pay the delinquent payment plus a late fee equal to five percent (5%) of the amount due no later than the 30th day after the date said payment was due, the failure of which shall entitle the City to collect the greater of the late fee or interest (at the Default Rate) due thereon until paid;
- (iii) In addition to the foregoing, but only after the fifteen (15)-day grace period terminates, the City will be entitled to proceed to exercise any and all remedies provided herein for a SAMP Event of Default; or

(b) Bankruptcy:

- (i) If any petition is filed by or against SAMP, as debtor, seeking relief (or instituting a case) under Chapters 7 or 11 of the United States Bankruptcy Code or any successor thereto unless an involuntary bankruptcy is finally dismissed within ninety (90) days after it was filed;
- (ii) If SAMP admits its inability in writing to pay its debts;
- (iii) If a receiver, trustee, or other court appointee or nominee, is appointed, or similar type of appointment is made, for all or a substantial part of SAMP's property and such receiver, trustee, nominee, or other appointee is not discharged within ninety (90) days from such appointment;
- (iv) If this Lease or the Leased Property is levied upon or attached by process of law, and such levy or attachment is not discharged within ninety (90) days from such levy or attachment; or
- (v) If a receiver, trustee, or other court appointee or nominee is appointed, or similar type of appointment is made, for any of SAMP's property that includes all or part of its interest in SAMP, and such receiver, trustee, nominee, or other appointee is not discharged within ninety (90) days from such appointment.

(c) Failure to Perform Regarding Other Covenants, Conditions, Standards, and Agreements.

SAMP's failure to perform according to, or to comply with, any of the other covenants, conditions, standards, and agreements to be performed or complied with by SAMP in this Lease (except for failure to obtain or maintain the Marina Standards and the continuing failure for a period of sixty (60) days after notice thereof in writing from the City to SAMP (which notice shall specify how the City contends that SAMP has failed to perform any such covenants, conditions and agreements), shall, subject to SAMP's right to contest the alleged Event of Default, constitute a SAMP Event of Default; provided, however, if such default is capable of cure, but cannot reasonably be cured within sixty (60) days, then SAMP shall have an additional commercially reasonable time within which to cure such SAMP Event of Default, but only if:

- (i) SAMP within said sixty (60) day period shall have commenced and thereafter shall have continued diligently to prosecute all actions necessary to cure such default; and
- (ii) the Leased Property continues to operate fully and in the ordinary course of business, to the extent commercially reasonable taking into account the nature of the alleged failure to perform according to the covenant, condition or agreement in question.
- (d) Other SAMP Events of Default:
 - (i) If SAMP voluntarily ceases construction of the Work for a period in excess of thirty (30) consecutive days and fails to start construction within sixty (60) days after receiving notice pursuant to Subsection 7.1(c), except where due to a Force Majeure event.
 - (ii) If SAMP sells or assigns all or any portion of its interest in this Lease or Subleases all or any portion of the Leased Property, or attempts any Transfer by entering into an agreement to sell or assign its interest in this Lease or the Leased Property or to Sublease all or any portion of the Leased Property or by agreeing to a Transfer without complying with the provisions governing same in this Lease, and (except where a Transfer or attempted Transfer is expressly made void *ab initio* herein and therefore cannot be corrected) fails to correct such Transfer within an additional thirty (30) days of receiving notice as provided in Subsection 7.1(c), which provides a total of ninety (90) days after notice to correct such Transfer.
- (e) An Event of Default concerning any part of the Leased Property shall constitute a default with respect to the entire Lease and all the Leased Property.

Section 7.2 Remedies for Default by SAMP.

- (a) Upon the occurrence of a SAMP Event of Default, subject to the provisions of Article VI, the City shall be entitled to seek all legal and equitable remedies available under Florida law, including without limitation, termination of this Lease, removal of SAMP from the Leased Property, specific performance, injunctive relief, and damages. If the City obtains the right to terminate this Lease, by mutual agreement with SAMP or from a final order by a court with jurisdiction from which the time for appeal has expired or a binding arbitration panel, the Term of this Lease shall terminate upon the mutually agreed upon date or the date set forth in the final order from such court or arbitration panel, as fully and completely as if that date were the date herein originally fixed for the expiration of the Term. On the date mutually agreed upon or as specified in such final order, SAMP shall then quit and peaceably surrender the Leased Property (which includes the Lessee Improvements) to the City in accordance with Section 11.5;
- (b) Upon the termination of this Lease, as provided in this Section 7.2, all rights and interest of SAMP in and to the Leased Property and the Lessee Improvements, and every part thereof shall cease and terminate, and the City may, in addition to any other rights and remedies it may have, retain all sums paid to it by SAMP under this Lease; and
- (c) If this Lease is terminated after the Possession Date but prior to the Completion Date due to the occurrence of a SAMP Event of Default, SAMP hereby agrees that, the City shall have the right upon its request, but not the obligation, to take assignment of all SAMP's construction contracts and, without payment or further permission from either SAMP or

the professionals that created or prepared same, to use the plans and specifications, including without limitation, the Approved Plans, designs, approvals, permits and other work product produced by SAMP and/or others for use in the development, construction and operation of the Work; and in support of this agreement, SAMP covenants to include reference to this provision and the City's rights here stated in all such contracts with third parties.

Section 7.3 Events of Default by City. Each of the following occurrences shall constitute an "Event of Default" of City under this Lease:

- (a) **Failure of Payment of Money.**
 - (i) Failure of City to make any payments of money as herein provided or required when due. In the event that any payment of money is not paid to the City on the date the same becomes due and payable, SAMP shall give the City written notice pursuant to the Local Government Prompt Payment Act (Section 218.70-218.80, F.S.) ("Prompt Payment Act") prior to such failure being deemed an "Event of Default";
 - (ii) If City fails to make any payment pursuant to the Local Government Prompt Payment Act (Section 218.70-218.80, F.S.), the City shall then pay the delinquent payment plus maximum penalties allowed by Prompt Payment Act until paid;
 - (iii) In addition to the foregoing, but only after the fifteen (15)-day grace period terminates, SAMP will be entitled to proceed to exercise any and all remedies provided herein for a City Event of Default.
- (b) **Failure to Perform Regarding Other Covenants, Conditions, Standards, and Agreements.** The City's failure to perform according to, or to comply with, any of the other covenants, conditions, standards, and agreements to be performed or complied with by the City in this Lease, and the continuing failure for a period of sixty (60) days after notice thereof in writing from SAMP to the City (which notice shall specify how SAMP contends that the City has failed to perform any such covenants, conditions and agreements), shall, subject to the City's right to contest the alleged Event of Default, constitute a City Event of Default; provided, however, if such default is capable of cure, but cannot reasonably be cured within sixty (60) days, then the City shall have an additional commercially reasonable time within which to cure such City Event of Default, but only if:
 - (i) The City within said sixty (60) day period shall have commenced and thereafter shall have continued diligently to prosecute all actions necessary to cure such default; and
 - (ii) the Leased Property continues to operate fully and in the ordinary course of business, to the extent commercially reasonable taking into account the nature of the alleged failure to perform according to the covenant, condition or agreement in question.

Section 7.4 Remedies for Default by the City.

- (a) Upon the occurrence of an event of default by the City, SAMP shall be entitled to seek all legal and equitable remedies available under Florida law, including, without limitation, termination of this Lease.
- (b) Upon an event of default by the City, the City shall not be in default of this Lease:

- (i) if the City provides SAMP with a written response within said sixty (60) day period indicating the status of the City's resolution of the default and providing for a mutually agreeable schedule to correct same, and the City commences and diligently continues to prosecute all actions necessary to cure such default to completion in substantial conformity with that schedule, or
- (ii) with respect to any default that is capable of being cured but that cannot reasonably be cured within said sixty (60) day period, if the City commences to cure such default within such sixty (60) day period (or as soon thereafter as is reasonably possible) and diligently continues to cure the default until completion.

Section 7.5 Right to Cure.

- (a) If SAMP shall default in the performance of any term, covenant or condition to be performed on its part hereunder, the City may, in its sole discretion, after notice to SAMP and beyond applicable cure periods (or without such notice and cure in the event of an emergency), perform the same for the account and at the expense of SAMP. If, at any time and by reason of such default, the City is compelled to pay, or elects to pay, any sum or money or do any act which will require the payment of any sum of money, or is compelled to incur any expense in the enforcement of its rights hereunder or otherwise, including the fees of attorneys, engineers or other consultants, such sum or sums shall be deemed Additional Rent hereunder and, together with interest thereon at the Default Rate accruing after the date of demand, shall be repaid to the City by SAMP upon demand.
- (b) If the City shall default in the performance of any term, covenant or condition to be performed on its part hereunder, SAMP may, in its sole discretion, after notice to the City and beyond applicable cure periods (or without such notice and cure in the event of an emergency), perform the same for the account and at the expense of the City. If, at any time and by reason of such default, SAMP is compelled to pay, or elects to pay, any sum or money or do any act which will require the payment of any sum of money, or is compelled to incur any expense in the enforcement of its rights hereunder or otherwise, including the fees of attorneys, engineers or other consultants, such sum or sums shall be reimbursed to SAMP by the City, upon demand, together with interest thereon at the Default Rate from the date demanded until the date paid.

Section 7.6 Force Majeure. Neither the City nor SAMP, as the case may be, shall be considered in breach of or in default of any of its non-monetary obligations hereunder, including without limitation suspension of construction activities, by reason of unavoidable delay due to strikes, lockouts, pandemic or epidemic, acts of God, inability to obtain labor or materials due to governmental restrictions, riot, war, hurricane or other similar causes beyond the commercially reasonable control of a party despite its commercially reasonable efforts (in each case, an event of "Force Majeure") and the applicable time period shall be extended for the period of the Force Majeure event.

Section 7.7 Remedies Cumulative; No Waiver. The rights and remedies of the Parties, whether provided by law or by this Lease, shall be cumulative and concurrent, and the exercise by either party of any one or more of such remedies shall not preclude the exercise by it, by the same or different times, of any other such remedies for the same default or breach, or of any of its remedies

for any other default or breach by the other party. No waiver of any breach, default, or Event of Default hereunder shall extend to or affect any subsequent or other breach, default, or Event of Default then existing, or impair any rights, powers or remedies consequent thereon, and no delay or omission of any party to exercise any right, power or remedy shall be construed to waive the same or any other breach, default, or Event of Default or to constitute acquiescence thereof, under present or any future circumstances.

Section 7.8 No Third-Party Beneficiaries. Except as provided in Article VI with regard to the Lender alone, there are no third-party beneficiaries of this Lease, and each party represents and warrants to the other that it is not aware of any person claiming, or any circumstances under which he, she, or it could lawfully claim to be a third-party beneficiary of this Lease.

ARTICLE VIII
PROTECTION AGAINST MECHANICS' LIENS AND OTHER CLAIMS;
INDEMNIFICATION; ENVIRONMENTAL MATTERS

Section 8.1 SAMP's Duty to Keep Leased Property Free of Liens.

- (a) SAMP shall not make, permit or involuntarily suffer any vendor's lien, mechanics' lien, governmental lien, environmental lien, or any other lien or lien rights or interest in the Leased Property or any part thereof, arising from or associated with any work performed or to be performed, or labor or materials furnished or to be furnished, to the Leased Property or any part thereof, excepting only to the right, title and interest of SAMP in this Lease and only during the pendency of a contest which is expressly authorized under Section 8.2 of this Lease and only if SAMP strictly complies with the requirements of that Section.
- (b) Pursuant to Florida Statutes Section 713.10, any and all liens or lien rights shall extend to and only to the right, title and interests of SAMP in this Lease and shall always be subject to the subject to the Lessee Improvements and not to the Leased Property.
- (c) The right, title and interest of the City in the Leased Property shall not be subject to liens or claims of liens by statute or common law for improvements made by SAMP. Nothing contained in the Lease shall be deemed or construed to constitute the consent or request of the City express, implied, or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any improvement of, alteration to, or repair of the Leased Property, or any part thereof, or any improvements on the Leased Premises, nor as giving SAMP, any Lender, or any permitted Subtenant any right, power or authority to contract for, or permit the rendering of, any services or the furnishing of materials that would give rise to the filing of any lien, mortgage or other encumbrance against City's interest in the Leased Property, the Leased Property, or any part thereof, or against assets of the City, or City's interest in any Rent and other monetary obligations of SAMP as defined in this Lease.
- (d) Notice is hereby given, and SAMP shall cause all construction agreements entered into between a SAMP, or any permitted Subtenant, and a contractor or materialman in privity with SAMP or a permitted Subtenant to provide that:
 - (i) City shall not be liable for any work performed or to be performed at the Leased Property or on or associated with the Leased Property, or any part thereof, for SAMP, any Lender, or permitted Subtenant, or for any labor or materials furnished

- or to be furnished to the Leased Property, or any part thereof, and
- (ii) no mechanic's, laborer's, vendor's, materialman's or other similar statutory lien for such work or materials shall be attached to or affect City's interest in the Leased Property or any part thereof, or any assets of the City, or the City's interest in any Rent or other monetary obligations of SAMP arising under the Lease.

Section 8.2 Contesting Liens. If SAMP desires to contest any lien upon its right, title and interest in this Lease as described in Section 8.1, SAMP shall notify the City of SAMP's intention to do so within thirty (30) days after the filing of the lien, and within that same thirty (30) day period, at SAMP's sole cost and expense, SAMP shall protect the City by a good and sufficient bond against the lien and any cost, liability or damage arising out of such contest. The lien, if SAMP timely provides the bond described above, shall not be a SAMP Event of Default hereunder until thirty (30) days after the final determination of the validity thereof if, within that time, SAMP shall satisfy and discharge the lien to the extent held valid. The satisfaction and discharge of a lien finally determined to be valid shall not, in any case, be delayed until execution is had on any judgment associated with the lien, or else such delay and failed satisfaction shall be conclusively deemed a monetary SAMP Event of Default hereunder. In the event of any such contest, SAMP shall protect and indemnify the City against all loss, expense and damage resulting therefrom as provided in Section 8.3.

Section 8.3 Indemnification.

- (a) **SAMP Indemnification.** SAMP hereby agrees and covenants to indemnify, defend (with counsel selected by the SAMP, after consulting with the City) and save harmless the City from and against any and all claims, actions, damages, liabilities, losses, costs and expenses, including without limitation commercially reasonable attorneys' fees (collectively, "Losses") to the fullest extent permitted by law, asserted by or through any visitor, trespasser, licensee, invitee, guest, permitted Subtenant (or the visitor, trespasser, licensee, invitee, or guest of that Subtenant), or any other person or Governmental Authority, at any time using or occupying or visiting the Leased Property or any part thereof, or by any person performing work on or in the Leased Property or any part thereof, arising from or associated with:
 - (i) any default, breach or violation or non-performance by SAMP of this Lease or any Governmental Requirements, or any provision hereof or thereof;
 - (ii) SAMP's use, occupancy, or operation of the Leased Property, or any part thereof;
 - (iii) the negligent or more culpable acts or omissions of SAMP;
 - (iv) any challenge to the validity of this Lease or any Transfer effected by a third party through legal proceedings or otherwise, except such challenge arising by, through or under the fee interest of the City; or
 - (v) otherwise arising in connection with the subject matter of this Lease.

SAMP's indemnity under this Section 8.3 shall include any Losses resulting from constructing the Leased Property and any other buildings, structures or horizontal or vertical improvements, infrastructure and support, and any subsequent renovation and/or alterations thereof by SAMP.

Notwithstanding anything to the contrary in this Agreement, SAMP is not obligated to indemnify, hold harmless or defend the City against any claim (whether direct or indirect) to the extent such claim or corresponding Losses arises out of or results from, in whole or in part, the negligence, willful misconduct, failure to perform or other breach of the obligations of this Lease by the City or its agents.

SAMP covenants and agrees that any contracts entered into by SAMP and the general contractor or other contractor in privity with SAMP for the Work shall include the indemnities required by this Section 8.3 and Section 8.4 from the general contractor or other contractor in privity with SAMP in favor of SAMP and the City.

The liability of SAMP under this Lease shall not be limited in any way to the amount of proceeds actually recovered under the policies of insurance required to be maintained pursuant to the terms of this Lease.

- (b) City Indemnification. Any tort liability to which the City is exposed under this Lease shall be limited to the extent permitted by applicable law and subject to the provisions and monetary limitations of Section 768.28, Florida Statutes, as may be amended, which statutory limitations shall be applied as if the Parties had not entered into this Lease, and City expressly does not waive any of its rights and immunities thereunder.
- (c) The City hereby agrees and covenants to indemnify, defend and save harmless the SAMP from and against any and all claims, actions, damages, liabilities, losses, costs and expenses, including without limitation commercially reasonable attorneys' fees (collectively, "Losses") to the fullest extent permitted by law, asserted by or through any visitor, trespasser, licensee, invitee, guest, permitted Subtenant (or the visitor, trespasser, licensee, invitee, or guest of that Subtenant), or any other person or Governmental Authority, at any time using or occupying or visiting the Leased Property, or any part thereof, or by any person performing work on or in the Leased Property or any part thereof, arising from or associated with:
 - (i) any default, breach or violation or non-performance by City of this Lease or any Governmental Requirements, or any provision hereof or thereof;
 - (ii) the City, its departments, agencies or organization's use, occupancy, or operation of the Leased Property, or any part thereof;
 - (iii) the negligent or more culpable acts or omissions of the City, its departments, agencies or organizations;
 - (iv) any challenge to the validity of this Lease or any Transfer effected by a third party through legal proceedings or otherwise, except such challenge arising by, through or under the fee interest of the City;
 - (v) the City's failure to fund Bulkhead Repairs; or
 - (vi) otherwise arising in connection with the subject matter of this Lease.

Section 8.4 Environmental Matters.

- (a) Defined Terms.
 - (i) "Environment" means existing land, fill, soil, waters (including surface waters,

storm-waters, waters of St. Andrew Bay, and groundwaters), sand and sediments, submerged lands and vegetation, surface and subsurface strata, ambient air, indoor air and indoor air quality, interior or exterior or both of any building or improvement, and the foundations and the sub-adjacent and adjacent support thereof and of any other environmental medium.

- (ii) "Environmental Condition" means any condition or set of physical circumstances in, on, under, or affecting the Leased Property, or any part thereof or adjacent thereto, that may constitute a threat to or endangerment of life, health, safety, property, or the Environment, including, but not limited to:
 - (A) the presence, of any Hazardous Substance or Material on or from the Leased Property;
 - (B) the presence of any underground or above-ground storage tanks, as defined in Subtitle I of the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. 6991 et. seq., the regulations thereunder and amendments thereto, for the storage of hazardous wastes, materials, substances, oil, petroleum products, or their byproducts;
 - (C) any PCB, asbestos or any other substances specifically regulated under the Toxic Substances Control Act, 15 U.S.C. 2601 or regulations issued thereunder, as amended from time to time; and
 - (D) any open dump or system of refuse disposal for public use without a permit, as prohibited by 42 U.S.C. 6945 and/or Florida law equivalent, or the regulations issued thereunder.
- (iii) "Environmental Law" or "Environmental Laws" means any federal, state, or local statute, law, ordinance, code, common law, rule, regulation, order, or decree, regulating, relating to or imposing liability or standards of conduct concerning the protection of the Environment, natural resources, health and safety, and/or activities involving any Hazardous Substance or Material, including without limitation asbestos, asbestos-containing materials, materials presumed by law to contain asbestos, polychlorinated biphenyls ("PCBs"), petroleum, petroleum byproduct (including but limited to, crude oil, diesel oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge, and all other liquid hydrocarbons, regardless of specific gravity), natural or synthetic gas products, radioactive materials, liquids, and gases (including radon), and/or hazardous or toxic substances, chemicals or materials, or any other waste, materials, pollutant or contaminant that is regulated to protect the Environment, as may now or at any time hereafter be in effect, including without limitation, the Federal Water Pollution Control Act, 33 U.S.C. 1251, et seq., the Clean Water Act Amendments thereto, the Safe Drinking Water Act, the Hazardous Materials Transportation Act, 49 U.S.C. 1811, et seq., the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et. seq., the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et. seq., the Clean Air Act, 42 U.S.C. 7401, et seq., the Toxic Substances Control Act, 15 U.S.C. 2601, et. seq., the Emergency Planning and Community Right--To-Know Act, the Occupational Safety and Health Act, 29 U.S.C. 651, et. seq., the Refuse Act of 1989, 33 U.S.C. 407, et seq., the Oil Pollution Act, 33 U.S.C. 2701, et seq., and the amendments and regulations pertaining

thereto, and the Florida State laws, rules, regulations, and local ordinances pertaining to protection of the Environment, health and safety, and any amendments to any such acts and laws, or any other or future applicable federal, state or local law, including without limitation, any rule, regulation, order, decree, or ordinance adopted pursuant to the preceding laws or other similar law, regulation, rule, order, decree, or ordinance that is in effect at any time hereafter relating to the protection of life, health, safety, and the environment.

- (iv) "Environmental Requirements" means all present and future Governmental Requirements, including without limitation, the Environmental Laws, rules, regulations, statutes acts, ordinances, authorizations, judgments, decrees, concessions, grants, orders, agreements or other restrictions and requirements or lawful obligations relating to any Environmental or any Hazardous Substances or Materials on, in, or under the Leased Property.
- (v) "Hazardous Substance" or "Hazardous Material" means (a) radioactive materials, radon, asbestos-containing materials, and polychlorinated biphenyls ("PCBs"), and (b) any other chemicals, materials, or substances defined or regulated as toxic, volatile, corrosive, hazardous, or dangerous, or as a pollutant or contaminant under any applicable federal, state, or local health, or safety law, or any Environmental Law, including without limitation, (i) those substances included within the definitions of any one or more of the terms "hazardous substances," "hazardous materials," "toxic substances," and "solid waste," (ii) those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CFR Part 302 and amendments thereto), (iii) such other substances, gases, liquids, materials, and wastes which are or become classified as hazardous, radioactive, or toxic under any Environmental Law, and (iv) any material, gases, liquids, or waste, or substance which is (A) petroleum, (B) asbestos, (C) polychlorinated biphenyls ("PCBs"), (D) within the per- and polyfluoroalkyl substances ("PFAS"), (E) designated as hazardous pursuant to Section 311 of the Clean Water Act, (F) ignitable, volatile, flammable, or explosive, or (G) radioactive.
- (vi) "Environmental Permit" means any Governmental Approval required under any Environmental Law in connection with the ownership, use, development, redevelopment, or operation of the Leased Property relating to the Clean Water Act, the Rivers and Harbors Act, the Coastal Zone Management Act, the Clean Air Act, the Safe Drinking Water Act, radon, and any other Environmental law, including Florida law and local law and ordinances, and for the storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substance or Hazardous Material, or the authorized sale, transfer or conveyance of this Lease, or the Leased Property, and all supporting documentation thereof.
- (vii) "Environmental Claim" means any notice of violation, claim, demand, abatement or other order or direction (conditional or otherwise) by any Governmental Authority or any person for personal injury (including without limitation, sickness, disease, or death), tangible or intangible property damage, damage to the Environment, nuisance, pollution, contamination or other adverse effects on the

Environment, or for fines, penalties, liens, or restrictions, resulting from or based upon:

- (A) the existence or release, or continuation of any existence or a release (including without limitation, sudden or non-sudden, accidental or non-accidental leaks or spills) of, or exposure to, any substance, chemical, material, pollutant, contaminant, or audible noise or other release or emission in, into or onto the Environment (including without limitation, the air, ground, water or any other surface or subsurface) at, in, by, from or directly related to the Leased Property, or any part thereof, or any adjacent property or waters;
 - (B) the environmental aspects of the transportation, storage, treatment, use, or disposal of materials in connection with the operations and activities in, on or directly associated with the Leased Property, or any part thereof or any adjacent property or waters; or
 - (C) the violation, or alleged violation, of any Environmental Law or Governmental Requirements relating to Environmental Requirements in, on, under or associated with the Leased Property, or any part thereof; but excluding any of the foregoing arising solely from the negligent or intentional actions of or breach of the terms of this Lease by the City and its agents.
- (viii) “Corrective Action Work” means any and all activities of removal, response, investigation, testing, analysis or remediation taken to:
- (A) prevent, abate or correct an existing or threatened Environmental Condition at, about, affecting, or affected by the Leased Property, or the surface or subsurface of the Leased Property and the Lessee Improvements, any part thereof; or
 - (B) comply with all applicable Governmental Requirements and Environmental Requirements.
- (b) Environmental Indemnification.
- (i) SAMP Indemnity. SAMP covenants and agrees, at its sole cost and expense, to defend (with counsel selected by SAMP, after consulting with the City), indemnify and hold harmless the City, its successors, and assigns from and against, and shall reimburse the City, its successors and assigns, for any and all Environmental Claims, whether meritorious or not, brought against the City by any person, entity, or Governmental Authority to the extent (A) related to SAMP's presence on the Leased Property after the Possession Date, (B) related to SAMP's presence conducting environmental and other surveys, assessments and other activities on the Leased Property, and performing assessments to determine the stability, support and suitability of the properties and SAMP's Improvements described in Sections 2.1(a), 2.2, and 2.3 to prepare for construction, (C) related to activities to develop SAMP's Environmental Audit described in Section 8.5(a), and (D) related to SAMP's other operations, activities, negligence, omissions to act, or violations of any Permit, Governmental Approval, or Environmental Law, or related to the surface or subsurface of the Leased Property or the construction, maintenance, repair, restoration, renewal or operation of the Leased Property or the Lessee

- Improvements, or any part thereof arising after SAMP and the City agree to SAMP's Environmental Audit described in Section 8.5(a);
- (ii) Lessor Indemnity. Likewise, Lessor covenants and agrees, at its sole cost and expense, to defend (with counsel selected by the Lessor), indemnify and hold harmless SAMP, its successors, and assigns from and against, and shall reimburse the SAMP, its successors and assigns, for any and all Environmental Claims, whether meritorious or not, brought against the SAMP by any person, entity, or Governmental Authority to the extent (A) related to Lessor's presence on the Leased Property prior the Possession Date, (B) related to Lessor's presence conducting environmental and other surveys, assessments and other activities on the Leased Property, and performing assessments to determine the stability, support and suitability of the properties and Lessor's Improvements described in Sections 2.1(a), 2.2, and 2.3 to prepare for construction, (C) related to activities to develop Lessor's Environmental Audit described in Section 8.5(a), and (D) related to Lessor's other operations, activities, negligence, omissions to act, or violations of any Permit, Governmental Approval, or Environmental Law, or related to the surface or subsurface of the Leased Property or the construction, maintenance, repair, restoration, renewal or operation of the Leased Property or the Lessor's Improvements, or any part thereof arising prior to SAMP and the Lessor agree to SAMP's Environmental Audit described in Section 8.5(a);
 - (iii) the foregoing indemnities includes, without limitation, indemnification against all costs of removal, response, investigation, or remediation of any kind, and disposal of such Hazardous Substances as necessary to comply with Environmental Laws, all costs associated with any Corrective Action Work, all costs associated with claims for damages to persons, property, or natural resources, any loss from diminution in the value of the Leased Property and commercially reasonable attorneys' fees and consultants' fees, court costs and expenses incurred in connection therewith;
 - (iv) this Indemnification shall be interpreted as broadly as possible and is in addition to all other rights under this Lease; and
 - (v) payments by under this Section shall not reduce obligations and liabilities under any other provision of this Lease.
 - (vi) Notwithstanding anything to the contrary contained in Section 8.4, neither SAMP, the Lessor nor a general contractor, or other contractor in privity with SAMP, has a duty to indemnify or defend the City in connection with any Environmental Claims that are due to the negligent or more culpable conduct of or breach of the terms of this Lease by the City, SAMP or its agents, which negligence or more culpable conduct occurs after SAMP has completed its environmental testing and following SAMP's inspection, investigation, testing, sampling, analysis, other due diligence and environmental assessments of the Leased Property as described in Article II, Section 2.3 of this Lease.

Section 8.5 Environmental Responsibilities.

- (a) SAMP's Environmental Audit. SAMP acknowledges that SAMP has the opportunity to conduct whatever environmental assessments, investigations, testing, sampling, analyses,

and inspections which SAMP deemed appropriate to determine the environmental baseline conditions of the Leased Property ("SAMP's Environmental Audit") and SAMP will furnish to the City a copy of any written audit report. The cost and expense of the SAMP Environmental Audit shall be borne exclusively by SAMP. The City represents that the City Manager is not aware of any Environmental Condition currently existing on the Leased Property.

- (b) City's Environmental Audit. At least thirty (30) days prior to the expiration or termination of this Lease, the City shall conduct an environmental assessment (the "City's Environmental Audit") of the Leased Property, utilizing third-party experts and consultants selected by the City and approved by SAMP. The City's Environmental Audit may be performed in phases and shall include such assessments, investigations, sampling, analyses, inspections and other "due diligence" testing of the Environment, and any structures on the Leased Property as may be necessary in the opinion of the expert or consultant conducting the City's Environmental Audit to determine the Environmental Condition of the Leased Property. SAMP shall permit such audit activities; provided, however, that such audit activities shall not materially interfere with SAMP's business operations at the Leased Property. The cost of the City's Environmental Audit shall be borne exclusively by the City. A copy of the written audit report shall be delivered to SAMP within thirty (30) days after the City has received the completed, written report.
- (c) Agreement to Cooperate in Audit Activities. The Parties shall be permitted to have their authorized representatives or technical observers present during the other party's environmental audit activities. Either Party, directly or through designated consultants, may inspect all samples (including splitting samples for independent testing), raw data, test results, reports and opinions concerning the other Party's audit.
- (d) Duty to Report. In the event that SAMP's Environmental Audit or the City's Environmental Audit discloses conditions which must be reported to any Governmental Authority under applicable law, and which have not already been reported, such report shall be made by the Party conducting the audit, following notice to and consultation with the other Party, and a copy of such report and all relevant documents, reports and technical data shall be provided to the other Party.
- (e) SAMP's Remediation Responsibilities. If the City's Environmental Audit reveals any noncompliance with applicable Environmental Laws or any Environmental Condition not indicated in SAMP's Environmental Audit or the City's Environmental Disclosures, SAMP shall carry out and complete, at SAMP's sole cost and expense and with all due diligence, any repair, closure, detoxification, decontamination, or any other remediation of the Leased Property required by applicable Environmental Laws. Should SAMP fail to implement promptly and diligently pursue any such remediation upon receipt of the results of the City's Environmental Audit or other notice of any Environmental Condition, then the City shall have the right, but not the obligation, to carry out such cleanup and to recover all of the costs and expenses thereof from SAMP, with interest at the Default Rate.
- (f) City's Remediation Responsibilities. If SAMP's Environmental Audit reveals any noncompliance with applicable Environmental Laws or any Environmental Condition not indicated in the City's Environmental Disclosures, City shall carry out and complete, at City's sole cost and expense and with all due diligence, any repair, closure, detoxification, decontamination, or any other remediation of the Leased Property required by applicable

Environmental Laws. Should City fail to implement promptly and diligently pursue any such remediation upon receipt of the results of the SAMP's Environmental Audit or other notice of any Environmental Condition, then the SAMP shall have the right, but not the obligation, to carry out such cleanup and to recover all of the costs and expenses thereof from the City, with interest at the Default Rate.

- (g) Environmental Compliance Responsibility. SAMP acknowledges responsibility for any and all Environmental Conditions deriving from the physical or chemical characteristics of any substance, improvement, liquid, gas, waste, and materials on the Leased Property as a result of operations at the Leased Property by SAMP after the Possession Date, and SAMP covenants, represents, and warrants that SAMP shall not cause or, as a result of SAMP's operations, permit the Leased Property to be in violation of any Environmental Law. In the event SAMP causes or permits any contamination, including discharge, release, spillage or other introduction in or on the Leased Property or the adjacent Environment, of any Hazardous Substances or Hazardous Materials in violation of Environmental Laws, SAMP shall promptly contain, remove, remediate or mitigate the same in accordance with applicable Environmental Laws and promptly notify the City of any such contamination.
- (h) Agreement to Cooperate in Remediation Activities. SAMP and City, as the case may be, shall provide reasonable cooperation to the other, who is responsible for any Remediation, and performing any investigation, assessment, sampling, monitoring, treatment, removal or cleanup.

ARTICLE IX

INSURANCE AND CATASTROPHIC LOSS

Section 9.1 General Insurance Provisions. Prior to any activity on the Leased Property, and at all times during the Term, SAMP at its sole cost and expense shall procure the insurance specified below. In addition, SAMP shall ensure that its general contractor, and other contractors, and permitted Subtenants maintain the insurance coverages set forth below to the extent relevant to such party's activities at the Leased Property and hereby warrants that the same shall at all relevant times be in full force and effect. All policies must be executable in the State of Florida. All insurers must maintain an AM Best rating of A- or better. The terms and conditions of all policies may not be less restrictive than those contained in the most recent edition of the policy forms issued by the Insurance Services Office (ISO) or the National Council on Compensation Insurance (NCCI). If ISO or NCCI issues new policy forms during the policy term of the required insurance, complying with the new policy forms will be deferred until the expiration date of the subject policy. Said insurance policies shall be primary over any and all insurance available to the City whether purchased or not and shall be non-contributory. SAMP, its general contractor, other contractors, and Subtenants shall be solely responsible for all deductibles and retentions contained in their respective policies which shall be commercially reasonable. The City will be included as an "Additional Insured" on the Commercial General Liability, Umbrella Liability and Pollution Liability policies.

Section 9.2 Evidence of Insurance. Prior to SAMP taking any activity on the Leased Property, satisfactory evidence of the required insurance shall be provided to the City. Satisfactory evidence shall be either: (a) a certificate of insurance; or (b) a certified copy of the actual insurance policy

(if a certificate of insurance is not provided). All insurance policies and certificates must specify they are not subject to cancellation or non-renewal without a minimum of 45 days notification to SAMP for any reason except non-payment of premium, and 10 days' notice of cancellation for non-payment of premium. SAMP shall provide the City with a copy of any such notices within 5 Business Days of SAMP's receipt of the same.

Section 9.3 Required Coverages. As a minimum, SAMP will procure and maintain (or cause to be procured and maintained) the following coverages:

- (a) Builders Risk - During all construction activities conducted on the Leased Property, or modifications to existing buildings or structures located thereon that impact the structural integrity of the buildings or structures, SAMP shall obtain Builders Risk insurance (to include the perils of wind and flood) with minimum limits equal to the "Completed Value" of the buildings or structures being erected or the total value of the modifications being made. The perils of Windstorm, Hail and Flood shall carry a Three Million (\$3,000,000) sub limit or such lower sublimit as may be required by the applicable construction contract for the buildings or structures being erected or modified.
- (b) Business Interruption - During the term of this Lease, SAMP shall maintain Business Interruption coverage utilizing a Gross Earnings Value form with limits equal to twelve (12) months of SAMP's projected profits (including all rental income) associated with the Leased Property.
- (c) Commercial General Liability - During the term of the Lease, SAMP shall maintain, or cause general contractor (during all construction activities) or the Marina management company (when the Leased Property is in operation) to maintain, Commercial General Liability Insurance. Such policies will include SAMP as an additional Named Insured and the City as additional Named Insured. Coverage shall include, as a minimum: (i) Premises Operations, (ii) Products and Completed Operations, (iii) Blanket Contractual Liability, (iv) Personal Injury Liability and (v) Expanded Definition of Property Damage. The minimum limits acceptable shall be \$5,000,000 Combined Single Limit (CSL). The use of an excess/umbrella liability policy to achieve the limits required by this paragraph will be acceptable as long as the terms and conditions of the excess/umbrella policy are no less restrictive than the underlying Commercial General Liability policy.
- (d) Business Automobile Liability - During the term of the Lease, SAMP shall maintain Business Automobile Liability Insurance with coverage extending to all Owned, Non-Owned and Hired autos. The minimum limits acceptable shall be \$2,000,000 Combined Single Limit (CSL). The use of an excess/umbrella liability policy to achieve the limits required by this paragraph will be acceptable as long as the terms and conditions of the excess/umbrella policy are no less restrictive than the underlying Business Automobile Liability policy.
- (e) Workers' Compensation and Employers Liability-SAMP shall maintain Workers' Compensation Insurance, or if not applicable, cause general contractor (during all construction activities) or the Marina management company to maintain, with limits sufficient to respond to Florida Statute §440. In addition, the SAMP shall obtain Employers' Liability Insurance with limits of not less than: (i) \$500,000 Bodily Injury by Accident, (ii) \$500,000 Bodily Injury by Disease and (iii) \$500,000 Bodily Injury by Disease, each employee.

Section 9.4 Premiums and Renewals. SAMP shall pay as the same become due all premiums for the insurance required to be maintained by SAMP by this Article IX, and shall renew or replace each such policy. Upon request by the City, for each such renewal or replacement policy, SAMP shall deliver to the City a certificate of insurance for such policy or a certified copy of the respective policy (if a certificate is not provided).

Section 9.5 Adequacy Of Insurance Coverage.

- (a) The adequacy of the insurance coverage required by this Article IX may be reviewed periodically by the City. The City may request a change in the insurance coverage if it is commercially reasonable, customary and commonly available regarding properties similar in type, size, use and location to the Leased Property and Lessee Improvements provided that such coverage is available at commercially reasonable rates (including without limitation, fiduciary liability and directors' and officers' liability insurance);
- (b) SAMP has the right to contest the request for a change in insurance, but must be commercially reasonable; and
- (c) SAMP agrees that City may, if it so elects, have the Lessee Improvements appraised, at the City's sole cost and expense, for purposes of obtaining the proper amount of insurance hereunder. Any review by the City shall not constitute an approval or acceptance of the amount of insurance coverage.

Section 9.6 City May Procure Insurance if SAMP Fails To Do So. If SAMP refuses, neglects or fails to secure and maintain in full force and effect any or all of the insurance required pursuant to this Lease, the City, at its option, may procure or renew such insurance. In that event, all commercially reasonable amounts of money paid therefor by the City shall be treated as Additional Rent payable by SAMP to the City together with interest thereon at the Default Rate from the date the same were paid by the City to the date of payment thereof by SAMP. Such amounts, together with all interest accrued thereon, shall be paid by SAMP to the City within ten (10) days of written notice thereof.

Section 9.7 Effect of Loss or Damage. Any loss or damage by an act of God such as fire, hurricane, tornado, tsunami or other casualty of or to any of Lessee Improvements on the Leased Property at any time shall not operate to terminate this Lease or to relieve or discharge SAMP from the payment of Rent, or from the payment of any money to be treated as Additional Rent in respect thereto, pursuant to this Lease, as the same may become due and payable, as provided in this Lease, or from the performance and fulfillment of any of SAMP's obligations pursuant to this Lease. No acceptance or approval of any insurance agreement or agreements by the City shall relieve or release or be construed to relieve or release SAMP from any liability, duty or obligation assumed by, or imposed upon it by the provisions of this Lease. Notwithstanding anything herein to the contrary, the Parties will cooperate with each other to determine and pursue the most appropriate source of funds, appropriations, grant funds, FEMA or other sources in order to repair, rebuild or replace the improvements on the Leased Property in the event of catastrophic loss.

Section 9.8 Notice of Loss. SAMP shall give City written notice as soon as reasonably practicable of any material damage or destruction of the Lessee Improvements. For purposes of this Section, "material damage or destruction" shall mean any casualty or other loss the commercially

reasonable cost of which to repair is in excess of Two Hundred Fifty Thousand Dollars (\$250,000) or, notwithstanding a lesser cost of repair, will have a materially adverse effect on the day-to-day operations of the Leased Property.

Section 9.9 Reserved.

Section 9.10 Covenant for Commencement and Completion of Reconstruction and Alternative.

- (a) Except as provided in Subsection (b) below, SAMP covenants and agrees to commence Reconstruction Work as soon as practicable, but in any event to use commercially reasonable efforts to complete plans for the Reconstruction Work within four (4) months after the loss or casualty event and commence Reconstruction Work within three (3) months after insurance proceeds in respect of the destroyed or damaged improvements or personally have been received or in any event regardless of insurance within twelve (12) months after the loss or casualty event, and to fully complete such Reconstruction Work as diligently and expeditiously as possible consistent with the nature and extent of the damage and the availability of resources and professionals to complete such Reconstruction Work at then commercially reasonable rates. SAMP shall comply in all respects with the provisions of Section 3.13 with respect to any Reconstruction Work.
- (b) In the event the cost of the Reconstruction Work exceeds fifty percent (50%) of the Certified Cost of Lessee Improvements (as adjusted for inflation over the Term pursuant to Section 3.21), within the twelve (12) month period after any loss or casualty event and regardless of insurance, SAMP shall have the option of demolishing and removing all vertical improvements and fixtures (including surface and subsurface slabs and foundations) not desired by the City from the Leased Property, returning possession of the Leased Property to the City in a level, empty, neat, clean, safe, and vacant condition, free of any claims of lien or encumbrance resulting from any act or omission of SAMP, terminating this Lease, and retaining the remainder of any insurance proceeds subject to whatever rights may be held by the holder of a Leasehold Mortgage.

Section 9.11 Waiver of Subrogation. A full waiver of subrogation shall be obtained from all insurance carriers. SAMP shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against the City in connection with any damage covered by any policy.

Section 9.12 Inadequacy of Insurance Proceeds. SAMP's liability hereunder to timely commence and complete restoration of the damaged or destroyed Lessee Improvements shall be absolute, irrespective of whether the insurance proceeds received, if any, are adequate to pay for said restoration, subject to SAMP's rights under Section 9.10(b).

**ARTICLE X
CONDEMNATION**

Section 10.1 Complete Condemnation.

- (a) If the entire Leased Property shall be taken or condemned for any public or quasi-public

use or purpose, by right of eminent domain or by purchase in lieu thereof (in each case, a "Taking"), or if such Taking shall be for a portion of the Leased Property such that the portion remaining is not sufficient and suitable, on a commercially reasonable basis for the operation of the Leased Property, then this Lease shall cease and terminate as of the date on which the condemning authority takes possession; and

- (b) If this Lease is so terminated, the entire award for the Leased Property or the portion thereof so taken shall be apportioned among the Parties as of the day immediately prior to the vesting of title in the condemnor, as follows:
 - (i) SAMP shall be entitled to the then fair market value of its interest under this Lease and in the Lessee Improvements together with any and all business damages suffered by SAMP (subject, however, to the rights of any Lender); and
 - (ii) The Parties shall each receive one-half (1/2) of any remaining balance of the award, except that the SAMP shall receive the entire remaining balance of the award if the City is the authority condemning the Leased Property.

Section 10.2 Partial Condemnation.

- (a) If there is a Taking of a portion of the Leased Property, and the remaining portion can, on a commercially reasonable basis be adapted and used to operate the Leased Property in substantially the same manner it was previously operated, then this Lease shall continue in full force and effect; and
- (b) In such event, the award shall be apportioned as follows:
 - (i) First, to SAMP to the extent required, pursuant to the terms of this Lease, for the restoration of the Leased Property;
 - (ii) Second, but only if the City is not the authority condemning the Leased Property, to the City the portion of the award allocated to the fair market value of the Leased Property which is so taken, considered as vacant and unimproved;
 - (iii) Third, to SAMP the amount by which the value of SAMP's interest in the Lessee Improvements and the Leased Property were diminished by the taking or condemnation; and
 - (iv) Last, the Parties shall each receive one-half (1/2) of any remaining balance of the award, except that the SAMP shall receive the entire remaining balance of the award if the City is the authority condemning the Leased Property.

Section 10.3 Restoration After Condemnation. If this Lease does not terminate due to a Taking, then:

- (a) SAMP shall promptly commence and diligently pursue to completion restoration of the remaining portion of the Leased Property in accordance with the provisions of Section 9.10 hereof;
- (b) the entire proceeds of the award shall be deposited and treated in the same manner as insurance proceeds are to be treated under Article IX until the restoration has been completed and SAMP and the City have received their respective shares thereof pursuant to this Article X; and
- (c) if the award is insufficient to pay for the restoration, SAMP shall be responsible for the remaining cost and expense.

Section 10.4 Temporary Taking. If there is a Taking of the temporary use (but not title) of the Leased Property, or any part thereof, this Lease shall, but only to the extent it is commercially reasonable, remain in full force and effect and there shall be no abatement of any amount or sum payable by or other obligation of SAMP hereunder. SAMP shall receive the entire award for any such temporary Taking to the extent it applies to the period prior to the end of the Term (subject to the rights of a Lender) and the City shall receive the balance of the award.

Section 10.5 Determinations. If the Parties cannot agree in respect of any matters to be determined under this Article, a determination shall be requested of the court having jurisdiction over the Taking and, to the extent not reimbursed by the condemnor each party shall bear their own attorneys' fees and expert costs incurred with respect to the determination. If the City is the condemnor, SAMP shall refrain, and waives, attorneys' fees and expert costs for seeking this determination and shall indemnify the City for the same. For purposes of this Article, any personal property taken or condemned shall be deemed to be a part of the Lessee Improvements, and the provisions hereof shall be applicable thereto.

Section 10.6 Payment of Fees and Costs. Except as provided in Section 10.5, all fees and costs incurred in connection with any condemnation proceeding described in Article X shall be paid in accordance with the law governing same, as determined by the court, if appropriate.

ARTICLE XI

QUIET ENJOYMENT AND OWNERSHIP OF IMPROVEMENTS

Section 11.1 Quiet Enjoyment and Liabilities.

- (a) The City represents and warrants that SAMP, upon paying the Rent, Additional Rent and other monetary obligations pursuant to this Lease and observing and keeping each and every of the covenants and agreements of this Lease on its part to be kept and performed, shall lawfully and quietly hold, occupy and enjoy the Leased Property during the Term without hindrance or molestation by the City or by any person or persons claiming under the City. The City shall, at its own cost and expense, through the City Attorney's office or other counsel selected by the City in its sole discretion, defend any suits or actions which may be brought upon any such claims.
- (b) Except for negligent or more culpable acts or omissions by the City in its proprietary or governmental capacity or breach of its obligations in this Lease, in no event shall the City be liable for, and SAMP hereby expressly waives, any claim for damages of any kind whatsoever associated with the subjects of this Lease, including without limitation, damages for loss of income, revenue, profit or value, and whether such damages are compensatory, consequential, punitive or exemplary. Any liability of the City under this Lease shall only be to the extent permitted by applicable law and subject to the provisions and monetary limitations of Section 768.28, Florida Statutes, as may be amended, which statutory limitations shall be applied as if the Parties had not entered into this Lease.

Section 11.2 Waste. Without limiting or lessening by implication or otherwise any more specific provisions of this Lease, SAMP shall not permit, commit or suffer waste or impairment of the Leased Property, the Leased Property, or any part thereof.

Section 11.3 Maintenance and Operation of Improvements. SAMP shall at all times keep the Leased Property and all parts thereof in Good Condition and Repair and in compliance with the Industry Standards.

Section 11.4 Ownership of Improvements During Lease. Prior to the expiration or termination of this Lease, title to the Lessee Improvements shall not vest in the City by reason of its ownership of fee simple title to the Leased Property, but title to the Lessee Improvements shall remain in SAMP.

Section 11.5 Surrender of Leased Property.

- (a) Upon the expiration of the Term, or earlier termination of this Lease if mutually agreed upon or determined by a final order from a court with jurisdiction from which the time for appeal has expired, title to Lessee Improvements which for this purpose shall include all fixtures and personal property or equipment furnished or installed in or associated with the Leased Property and owned or leased by SAMP, which shall be free and clear of all debts, mortgages, encumbrances, liens, and violations of any Governmental Approvals or Environmental Permits, in any material respect, shall automatically pass to, vest in and belong to the City or its successor in ownership and it shall be lawful for the City or its successor in ownership to re- enter and repossess the Leased Property, the Leased Property and Lessee Improvements without process of law; and
- (b) Subject to Section 9.10(b), upon the expiration of the Term, or earlier termination if mutually agreed upon or determined by an final order from a court with jurisdiction from which the time for appeal has expired, SAMP shall leave the Leased Premises and the Lessee Improvements which for this purpose shall include all fixtures and personal property or equipment furnished or installed in or associated with the Leased Property and owned or leased by SAMP, in the state of repair and cleanliness required to be maintained by it during the term of this Lease and shall peaceably surrender the same to the City in full working order, repair and in compliance with all Governmental Approvals, Governmental Requirements, and Environmental Permits.
- (c) The Parties covenant that, to confirm the automatic vesting of title as provided in this Section, each will execute and deliver such further assurances and instruments of assignment and conveyance as may be reasonably required by the other for that purpose, including Governmental Approvals and Environmental Permits in all material respects.
- (d) SAMP warrants and agrees that upon the expiration of the Term, or earlier termination of this Lease if mutually agreed upon or determined by a final order from a court with jurisdiction from which the time for appeal has expired, title to Lessee Improvements, which for this purpose shall include all fixtures and personal property or equipment furnished or installed in or associated with the Leased Property and owned or leased by SAMP, shall be free and clear of all debts, mortgages, encumbrances, liens, and violations of any Governmental Approvals or Environmental Permits, in any material respect.
- (e) Notwithstanding the forgoing, in the event SAMP is entitled to elect, elects, and executes the alternative specified in Section 9.10(b), it is understood that there will be no Lessee Improvements on the Leased Property.

Section 11.6 Parties to Join in Certain Actions. Within thirty (30) days after receiving a written request from SAMP, the City shall join SAMP when required by law in any and all applications for Governmental Approvals as may be commercially reasonably necessary for any improvements to the Leased Property. SAMP shall pay all fees and charges for all such applications.

ARTICLE XII

MAINTENANCE AND MANAGEMENT

Section 12.1 Good Condition and Repair.

- (a) The Parties agree that the way in which the Lessee Improvements and the Leased Property are developed, operated and maintained is critically important to the citizens of the City by reason of their interest in having the Leased Property used by City residents and visitors alike, to compliment the water dependent uses of the Marina, and to encourage and permanently sustain private investment in the revitalization of the remainder of the Marina and all of St. Andrews. Therefore, SAMP hereby agrees to develop, operate and maintain the Leased Property and the Lessee Improvements in an operational, well maintained, clean, neat, orderly, safe, fresh, attractive and inviting appearance ("Good Condition and Repair") so that at all times during Term, and at the termination of this Lease by lapse of time or otherwise when the City shall receive the Lessee Improvements (subject to Section 9.10(b)), the Lessee Improvements and all the other things described above shall be in Good Condition and Repair regardless of whether the necessity or desirability of maintenance, repair, renewal, replacement, or other work shall arise by virtue of wear, tear, age, obsolescence, or defect. These covenants are cumulative to the Marina Standards, although it shall be rebuttably presumed that Good Condition and Repair for the Marina is achieved by SAMP meeting those standards.
- (b) The Parties also agree the manner the City operates and maintains property owned or controlled by it around St. Andrews is critically important to the financial success of the Leased Property. Therefore, subject always to its governmental and legislative authority and discretion in fiscal matters, the City agrees to operate and maintain property owned or controlled by St. Andrews and which is visible to the public, especially on and adjacent to the Marina, as nearly as may be practicable to the standards required and maintained by SAMP for the Leased Property.

Section 12.2 Industry Standards.

- (a) SAMP covenants and agrees that it shall operate and maintain the Marina and that portion of the Leased Property associated with the Marina in full compliance with the substance and through the process set forth in the Marina Standards and with Governmental Requirements;
- (b) SAMP shall not conduct any commercial operations in the Leased Property, or on the Leased Property, whether conducted by SAMP, an Affiliate of SAMP, a Subtenant or licensee, involving any noisy, brightly illuminated, dangerous or obnoxious activities or items of personal property, or the rental or use of vehicles or items of personal property to be used in the City and which in sufficient numbers or frequency of use are noisy, dangerous, distracting, or obnoxious (Collectively herein the "Industry Standards").

Section 12.3. Maintenance and Repair of Marina.

- (a) On and after the Possession Date, Lessee shall maintain in Good Condition and Repair the entire Marina and all of the Lessee Improvements, fixtures, equipment and personal property on the Marina, and keep them free from waste or nuisance and Lessee shall be required to replace any Lessee Improvements or portion thereof that have reached the expiration of their useful life during the Lease Term as reasonably determined by Lessee in accordance with sound accounting principles. All utilities serving the docks and slips shall be inspected periodically and maintained by Lessee. Lessee shall arrange for and document a periodic inspection of Marina electrical systems by a licensed electrician. All docks, piers, seawalls and ramps shall be maintained, repaired and replaced in a reasonable manner by Lessee. The following terms shall also apply on and after the Possession Date, unless otherwise provided below:
- (i) Lessee further covenants and agrees that it will impose and enforce rules and regulations on holders of Slip Licenses and users of the Marina to help with maintaining and operating the Marina and Lessee Improvements in a first-class manner, which rules and regulations will include, but not be limited to, the following: (a) any Marina local policies promulgated by any Applicable Authorities (b) any petroleum, oil or other Hazardous Substances leaking from the bilge or any other part of a vessel must be cleaned up immediately by the vessel owner or operator in accordance with Hazardous Substances Laws; (c) all watercraft must be in good repair, neat condition and clean; (d) pets must be leashed while on the docks and pet owners are required to clean up after their pets; (e) no open flames are to be allowed on the docks; (f) advertising or soliciting is not permitted except in an area designated for such purpose by Lessee; (g) if storage lockers are permitted under the Slip Licenses, storage lockers must be placed over the wet marina slip or on the slip patio (not in the walkway) and all personal property and equipment must be stored within such storage locker; (h) fishing and cast netting are not permitted from the docks or slips; (i) swimming and diving are not permitted in the waters of the Marina; and (j) any additions or improvements users of the Marina desire to make must first be approved by Lessee including the placement of furniture on any approved decks.
 - (ii) Additionally, subject the following provisions, beginning on the Project Completion Date, Lessee shall be required to deposit to the Capital Improvement Sinking Fund as provided in Section 12.4 less Excluded Revenues, annually into a capital improvement reserve account at Lessor's designated qualified bank, beginning one (1) year after the Project Completion Date and Lessee must provide Lessor evidence of such deposit in a manner reasonably acceptable to Lessor. Funds in the Capital Improvement Sinking Fund shall be used to maintain, upgrade, repair, and replace the Marina throughout the Lease Term. At the expiration of the Lease Term, Lessee shall deliver the Marina and the Lessee Improvements to Lessor in good condition, subject to normal wear and tear, and any balance remaining in the Capital Improvement Sinking Fund shall be payable to Lessee provided Lessee is not then in default under this Lease.
 - (iii) On or before the first day of the eleventh (11th) Lease Year and before the first day of each tenth (10th) Lease Year thereafter, the Lessee, at its expense, shall cause an

engineer licensed in the State of Florida perform a physical inspection, including but not limited to all structural components, plumbing, life safety, electrical, heating and air conditioning systems and mechanical equipment, as well as any and all structural trade fixtures, of the Lessee Improvements and any alterations or modifications within the Marina in order to memorialize in a written report (a **“Capital Improvement Report”**) relevant useful life and whether replacement and/or capital improvements are needed in order for such improvements to be maintained in accordance with the requirements of this Lease (**“Capital Improvement Requirements”**). Lessee shall furnish Lessor with a copy of the report within ninety (90) days of completion. In the event that such engineering report determines that Capital Improvement Requirements are required to be performed, then the Lessee agrees that it shall perform such Capital Improvement Requirements, regardless of the amounts in the Capital Improvement Sinking Fund, within the time parameters recommended in such Capital Improvement Report. A Capital Improvement Report prepared by an engineer licensed in the State of Florida no more than twelve (12) months before the due date herein shall also satisfy the report required under this section.

- (b) **Alterations.** Lessee shall not make any major alterations, modifications or additions (**“Subsequent Major Improvements”**) to the Marina without the written consent of the City Manager of Lessor, which consent shall not be unreasonably, withheld conditioned or delayed. Subsequent Major Improvements means any alteration or addition to the Marina (whether done as a single project or as a series of projects within a twelve (12) month period) whose cost exceeds fifteen percent (15%) of the Fair Market Value of the Marina. Fair Market Value shall be determined by and based on the most current “as-built” appraisal of the Marina, prepared by an MAI appraiser licensed to perform appraisal services within the State of Florida, obtained from Lessee’s leasehold mortgagee, if applicable. In the event the most current appraisal is more than two (2) years old or was prepared prior to the substantial completion of then-existing Lessee Improvements, the Lessor or the Lessee may require a new appraisal and such appraisal shall be certified to the Parties. The cost of such new appraisal shall be borne by the Parties equally. For purposes of this section, neither routine and normal maintenance nor work required under a Capital Improvement Report shall be considered Subsequent Major Improvements. Notwithstanding the foregoing, Lessee shall have the right, from time to time, to make minor additions, alterations and changes to the in or to the Lessee Improvements which do not amount to Subsequent Major Improvements (hereinafter sometimes referred to collectively as "alterations" which term shall, when used in this Section include any replacement or substitution therefor), provided that no Event of Default shall exist by Lessee in the performance of Lessee's covenants or agreements in this Lease, subject, however, to the following:

- (i) no structural alterations of the original facade or exterior of the Lessee Improvements shall be commenced except after receipt of Lessor's written approval of such alterations in its proprietary capacity and not in its regulatory capacity, which approval Lessor agrees not to unreasonably withhold and which shall not be granted prior to all necessary approvals by Applicable Authorities;
- (ii) no alterations shall be made which would impair the structural soundness of the

Lessee Improvements;

- (iii) no alterations shall be undertaken until Lessee has furnished Lessor reasonable evidence that all building permits, licenses and authorizations required by Governmental Regulations and all required consents of Leasehold Mortgagees and the City have been procured. Lessor shall join, but without expense to Lessor, in the application for such permits, licenses or authorizations whenever such action is necessary and is requested by Lessee;
 - (iv) no alterations shall be made which would be in violation of the terms and provisions of the any exceptions not cured or removed as evidenced in the Title Documents [e.g. applicable deed restrictions];
 - v) any alterations shall be made within a reasonable time and in a good and workmanlike manner and in substantial compliance with all applicable permits, licenses and authorizations, and building laws and with all other Governmental Regulations;
- (c) **Utilities.** Effective as of the Possession Date, Lessee shall be responsible, at its sole cost and expense, for obtaining, connecting, installing, repairing and maintaining all utility lines, connections and facilities at or for the Marina to the Marina's boundary, at which point the City is responsible for providing adequate utilities and ensuring reliably, adequate utility service. Lessee shall pay all charges for cable, heating, air conditioning, water, storm water, sanitation, garbage, electricity, gas, sewer, telephone, internet or any other utility connections, tap-in fees and services furnished to the Marina. Lessor shall in no event be liable or responsible for any cessation or interruption in, or damage caused by, any such utility services.
- (d) **Security.** Effective as of the Possession Date, Lessee, at its sole cost and expense shall be responsible for providing security within the Marina that will reasonably ensure the safety of employees, tenants and patrons. At such time, the Lessee shall take appropriate measures to identify potential emergency situations and develop a plan of action to protect the safety and security of employees and patrons. This plan shall address medical, fire, tropical storms, hurricanes, flooding and other emergency situations that threaten the health, safety and welfare of persons, as well as the Marina. All employees are required to be tested periodically to demonstrate their proficiency in handling such situations. The Lessee shall provide an annual written safety and security plan for all operating facilities for the review and approval of the Lessor.
- (e) **Duty to Repair in the Event of Act of God.** If pursuant to the terms and conditions herein the Lessee is obligated to repair the Marina after the event of an Act of God, Lessee agrees to expeditiously repair the portions of the Marina damaged by an act of God within the time frame prescribed under any Federal or State executive order declaring a state of emergency under which the Marina is subject. Further, Lessee agrees to comply with all Florida Department of Environmental Protection guidelines and timeframes in order to quickly repair or replace damaged portions of the Marina, including but not limited to docks, boatlifts, bulkheads, and/or other Lessee Improvements, within a reasonably practical time and within the time limits imposed by any executive or emergency order allowing Lessee to repair or replace the damaged portions of the Marina without a requirement to obtain any additional Environmental Permits.

Section 12.4 Capital Improvement Sinking Fund.

- (a) To implement the standards expected for maintenance, repair, renewal and replacements required by this Lease, SAMP shall establish and maintain a separate interest-bearing account to be known as the "Capital Improvement Sinking Fund", subject to the provisions of Section 12.3 above relative to initial deposit by Lessee. For each Rental Year by December 15th of the next following Rental Year SAMP shall deposit into the Capital Improvement Sinking Fund an amount equal to the percentage of Gross Revenue for the immediately preceding Rental Year as set forth in the following schedule in to the "Capital Improvement Sinking Fund", respectively:
 - (i) First annual deposit - one percent (1%).
 - (ii) Second annual deposit and each year thereafter- two percent (2%).
- (b) All amounts remaining in the Capital Improvement Sinking Fund at the close of each Rental Year shall be carried forward and retained until fully used as herein provided.
 - (i) The Capital Improvement Sinking Fund shall be used by SAMP exclusively to maintain, repair, renovate and upgrade (1) Bulkhead of the Marina once all phases of repair have been completed; (2) Parking Lot; (3) Lessee Improvements; and (4) costs and fees associated with the design, consultants, permitting, items included in the Capital Improvement Report (Sec. 12.3(c)).
 - (ii) Within one hundred twenty (120) days after the end of each year, SAMP shall provide the City with a written statement of the balance in the Capital Improvement Sinking Fund and the amount and nature expenditures from the Capital Improvement Sinking Fund since the prior, annual statement.
 - (iii) SAMP grants the City a security interest in the Capital Improvement Sinking Fund to secure SAMP's obligations under this Lease. SAMP shall not grant a security interest in the Capital Improvement Sinking Fund to any other person excepting a Leasehold Mortgagee or Franchisor in compliance with Article VI to whose interests the City agrees to subordinate its lien on the Capital Improvement Sinking Fund.
 - (iv) SAMP agrees that these provisions, obligations and best practices are intended to retain and maintain at least the asset value and public, economic benefit of the Lessee Improvements and standard of quality created in the Marina at the outset of this Lease.
 - (v) In addition, commencing with any Permitted Transfer of (i) this Lease and the entire Leased Property, or (ii) the Total Marina to either an Acceptable Tenant or a Default Tenant, and continuing for the remainder of the Term, the Transferee and all subsequent, successor Permitted Transferees shall comply with this section with respect to the portion (that is all of this Lease) of this Lease Transferred.

Section 12.5 Renewal of Capital Improvement Sinking Fund. SAMP may at any time and from time to time elect to remove and dispose of any of the fixtures, furnishings, equipment, decking, pilings, or other similar aspects of the Marina and equipment which have become obsolete or unfit for use or which are no longer useful in the operation of the Leased Property if the fixtures, furnishings, and equipment so removed shall be promptly replaced with other related fixtures, furnishings, and equipment required, useful, or convenient to enable SAMP to operate the Leased Property as well or better than before removal and make the Leased Property as or more attractive

to the public than before the removal.

ARTICLE XIII

TAXES, FEES AND ASSESSMENTS

From and after the Possession Date, Lessee shall pay, before they become delinquent, all sales, use and excise taxes, merchant fees, assessments (whether general, special, ordinary, extra ordinary, foreseen or unforeseen) and other governmental charges and impositions levied or assessed against the assessed value of the real property within the Marina and the Lessee Improvements (including both submerged and upland portions thereof), if any, as well as Lessee's fixtures, equipment and personal property on, attached to, or used in connection with the Marina or any part thereof or related to or arising from the use, occupancy or rents and income derived from the Marina; provided, however, that if any tax is payable in installments, Lessee may also pay in installments, but all such taxes shall be paid in full prior to the expiration of the Lease Term, as extended if applicable. Lessor shall promptly present Lessee with copies of all tax bills received for each Lease Year for which Lessee is expressly responsible. Upon Lessor's written request, Lessee shall deliver to Lessor official receipts that show payment of all charges required under this Article and contained in Lessor's written request. These receipts must be delivered to the place where the Rent payments are to be made. Lessee shall have the right at Lessee's election to protest the levy, assessment or collection of any taxes, assessments, charges or impositions by appropriate legal action, provided that Lessee shall not thereby permit any lien (other than the lien for current taxes not yet due and payable) or judgment for any taxes, assessments, charges or impositions to be filed or enforced against the Demises Premises. On the written request of Lessee, Lessor will join with Lessee in any such protest on the condition that Lessee pay all of the reasonable costs and expenses (including reasonable attorneys' fees and expenses) incurred by Lessor in connection with this joinder. Lessee must give the written notice to Lessor not later than sixty (60) days before the contested taxes would otherwise become delinquent. Lessee must also furnish Lessor with a bond with surety by a surety company qualified to do business in the State of Florida or cash paid into escrow and held by Lessor. The bond or cash must be in an amount equal to the amount of the taxes, claim, charge or assessment together with estimated penalties and interest being contested and must be conditioned upon payment of the taxes, claim, charge or assessment once the validity has been determined. Excluding rent due under Article VI, of this Lease, all other payments that Lessee is obligated to make under this Lease shall be deemed "Additional Rent." Real estate taxes and assessments, and any other governmental charges in the nature of such taxes, shall be prorated between the Parties as of the Project Completion Date in a fair and equitable manner consistent with customary practice for real estate transactions in Bay County, Florida.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

Section 14.1 No Partnership or Joint Venture. It is mutually understood and agreed that nothing contained in this Lease is intended or shall be construed in any manner or under any circumstances whatsoever as creating or establishing the relationship of co-partners, or creating or establishing the relationship of a joint venture between the Parties, or as constituting SAMP as the agent or representative of the City for any purpose or in any manner whatsoever.

Section 14.2 Recording, Documentary Stamps. This Lease or a memorandum of this Lease in form mutually satisfactory to the Parties, may be recorded by either party among the Public Records of Bay County, Florida and the cost of any such recordation, the cost of any documentary stamps which legally must be attached to any or all of said documents shall be paid in equal parts by SAMP and the City. The Parties shall cooperate in structuring the transactions contemplated hereby in such a manner as to reduce such costs, provided such structure shall not have any adverse consequence for the City.

Section 14.3 Florida and Local Laws Prevail; Venue.

- (a) This Lease shall be governed by the laws of the State of Florida. This Lease is subject to and shall comply with the Charter of the City as the same is in existence as of the execution of this Lease and the ordinances now existing or hereafter adopted by the City. Any conflicts between this Lease and the City Charter and ordinances shall be resolved in favor of the latter; provided, that such provision of the City Charter or ordinance was not adopted with the intent to change a provision of this Lease. If any term, covenant, or condition of this Lease or the application thereof to any person or circumstances shall to any extent, be illegal, invalid, or unenforceable because of present or future laws or any rule or regulation of any governmental body or entity or becomes unenforceable because of judicial construction, the remaining terms, covenants and conditions of this Lease, or application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant, or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.
- (b) Exclusive jurisdiction and venue to try any issue arising under or associated with this Lease shall be in the 14th Judicial Circuit, in and for Bay County, Florida, and all other jurisdictions and venues are waived to the fullest extent permitted by law.

Section 14.4 Conflicts of Interest: City Representatives not Individually Liable. No member, official, representative, or employee of the City shall have any personal interest, direct or indirect, in this Lease, nor shall any such member, official, representative or employee participate in any decision relating to this Lease which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested. No member, official, elected representative or employee of the City shall be personally liable to SAMP or any successor in interest in the event of any default or breach by the City or for any amount which may become due to SAMP or successor or on any obligations under the terms of the Lease.

Section 14.5 Notice. A notice or communication, under this Lease by the City, on the one hand, to SAMP, or, on the other, by SAMP to the City shall be sufficiently given or delivered if dispatched by hand delivery, or by nationally recognized overnight courier providing receipts, or by registered or certified mail, postage prepaid, return receipt requested to:

AS TO LESSOR: City Hall
 Attn: City Manager
 501 Harrison Avenue
 Panama City, FL 32401

WITH A COPY TO: Nevin J. Zimmerman, Esq.
 Burke Blue P.A.
 221 McKenzie Avenue
 Panama City, FL 32401

AS TO SAMP: Justin Gorman
 1944 Frankford Ave.
 Panama City, FL 32405

 Donnie Coker
 706 Iowa Ave.
 Lynn Haven, FL 32444

WITH A COPY TO: William G. Harrison, Jr., Esq.
 Harrison Rivard & Duncan
 101 Harrison Avenue
 Panama City, FL 32401

or if such notice is addressed in such other way in respect to any of the foregoing parties as that party may, from time to time, designate in writing, dispatched as provided in this Section 14.5.

Section 14.6 Estoppel Certificates. The Parties shall, within thirty (30) days after written request by the other, execute, acknowledge and deliver to the party which has requested the same or to any actual or prospective Lender, a certificate stating that:

- (a) this Lease is in full force and effect and has not been modified, supplemented or amended in any way, or, if there have been modifications, the Lease is in full force and effect as modified, identifying such modification agreement, and if the Lease is not in force and effect, the certificate shall so state;
- (b) this Lease as modified represents the entire agreement between the Parties as to this subject matter, or, if it does not, the certificate shall so state;
- (c) the dates on which the Term of this Lease commenced and will terminate;
- (d) to the knowledge of the certifying party all conditions under the Lease to be performed up to that date by the City or SAMP, as the case may be, have been performed or satisfied and, as of the date of such certificate, there are no existing defaults, defenses or offsets which the City or SAMP, as the case may be, has against the enforcement of the Lease by the other party, or, if such conditions have not been satisfied or if there are any defaults, defenses or offsets, the certificate shall so state;
- (e) to the knowledge of the certifying party there exist no circumstance which, with the passing of time or the giving of notice or both, would constitute a breach or Event of Default under this Lease; and
- (f) the Rent due and payable for the year in which such certificate is delivered has been paid in full, or, if it has not been paid, the certificate shall so state.

The party to whom any such certificate shall be issued may rely on the matters therein set forth; however, in delivering such certificate neither SAMP nor the City (nor any individual signing such certificate on such party's behalf) shall be liable for the accuracy of the statements made therein, but rather the City or SAMP, as applicable, shall be estopped from denying the veracity or accuracy of the same. Any certificate required to be made by the City or SAMP pursuant to this paragraph shall be deemed to have been made by the City or SAMP (as the case may be) and not by the person signing same.

Section 14.7 Reserved.

Section 14.8 Titles of Articles and Sections. Any titles of the several parts, Articles and Sections of this Lease are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 14.9 Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original. Any such counterparts shall constitute one and the same instrument. This Lease shall become effective only upon execution and delivery of this Lease by the Parties hereto.

Section 14.10 Successors and Assigns. Except as to the extent limited elsewhere in this Lease, all of the covenants, conditions, and obligations contained in this Lease shall be binding upon and inure to the benefit of initial or successor Permitted Transferees. All of the covenants, conditions, and obligations contained in this Lease shall be binding upon and inure to the benefit of the successors and assigns of the City.

Section 14.11 Entire Agreement. This Lease and its Exhibits constitute the sole and only agreement of the Parties hereto with respect to the subject matter hereof and correctly set forth the rights, duties, and obligations of each to the other as of its date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Lease are of no force or effect and are merged into this Lease.

Section 14.12 Amendments. No amendments to this Lease shall be binding on either party unless in writing and signed by both parties.

Section 14.13 Non-Subordination of City's Interest. Except as specifically provided in Article VI, the City's fee interest in and ownership of the Leased Property and the City's rights and interest in this Lease (including without limitation, the rights to Rents, additional Rents, Public Charges and other monetary obligations of SAMP to the City under this Lease) shall not be subject or subordinate to or encumbered by any financing for the Leased Property or lien or encumbrances affecting SAMP's interest in this Lease or SAMP's Improvements or by any acts or omissions of SAMP or any sublessee hereunder. In this regard, the Rents, additional Rents and other monetary obligations of SAMP to the City under this Lease then payable at any point in time during the Term shall be paid by SAMP to the City and shall be superior in right to all claims or rights hereunder or described above in this Section including without limitation, all Leased Property operating expenses, the payment of debt service, and any distributions of profits to SAMP or any of its Affiliates or owners.

Section 14.14 Authorization and Approvals by the Parties. All requests for action, approval or consent by the City shall be sent to the City Manager with a copy to the City Attorney for decision as to who within the City, including the City Commission, must act or approve the matter on behalf of the City. Pursuant to the Charter of the City establishing the City Manager form of government for the City and other applicable law including its inherent, home rule authority, the Governing Body hereby designates and delegates to the City Manager to the fullest extent permitted by law the authority alone to decide and act upon all requests from SAMP for action, approval or consent required, permitted or convenient under this Lease. SAMP shall be entitled to rely upon the opinion of the City Attorney that the City's response is authorized and binding for all purposes associated with this Lease. Nothing herein shall preclude the City Manager, in his or her discretion, from referring to the Governing Body any request from SAMP. Conversely, SAMP shall be entitled to seek reconsideration by the Governing Body of the City Manager's denial, in whole or in part, of any request by filing with the City Clerk within ten (10) business days after receipt of the denial a request for reconsideration containing the request and the City Manager's response and any additional information it may desire. Finally, nothing herein shall preclude SAMP from submitting any such request directly to the Governing Body who shall then, in its discretion, determine how the request should be handled.

Section 14.15 Prevailing Party's Attorneys' Fees. Except where expressly stated otherwise in this Lease, in the event either party shall institute legal proceedings in connection with, or for the enforcement of, this Lease, the prevailing party shall be entitled to recover its costs of suit, including without limitation, commercially reasonable attorneys' fees, at both trial and appellate levels.

Section 14.16 Holidays. It is hereby agreed that whenever a notice or performance under the terms of this Lease is to be made or given on a Saturday or Sunday or on a legal holiday recognized by the City, it shall be postponed to the next following business day, not a Saturday, Sunday or legal holiday.

Section 14.17 No Brokers. Each party represents and warrants to the other that no real estate broker or other person was involved in the procurement of this lease for a fee or other consideration. SAMP shall be responsible for, and shall hold the City harmless with respect to, the payment of any commission claimed by or owed to any real estate broker or other person retained by SAMP and which is entitled to a commission as a result of the execution and delivery of this Lease. The City similarly shall be responsible for, and shall hold SAMP harmless with respect to, the payment of any commission claimed by or owed to any real estate broker or other person retained by the City and which is entitled to a commission as a result of the execution and delivery of this Lease.

Section 14.18 No Liability for Approvals and Inspections. No approval to be made by the City in its proprietary capacity as landlord under this Lease, or any inspection of the Work or the Leased Property by the City in its governmental capacity under applicable building, life safety, or other codes, laws and regulations, shall render the City liable for its failure to discover any defects or nonconformance with any Governmental Requirement, or prevent the City from enforcing a Government Requirement.

Section 14.19 Radon. 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 the county public health unit for Bay County. SAMP shall be solely responsible for all testing, monitoring, abatement, removal, and control of radon and adverse Environmental Condition due to, arising from, or related in any way to the presence or accumulation of radon in and on the Leased Property and any building on the Leased Property.

Section 14.20 SAMP Entity. SAMP represents, warrants and covenants that (a) it is and will remain a Florida limited liability company; (b) it is and will remain organized as a perpetual, Single Purpose Entity. SAMP agrees that during the Term of this Lease it will not take, permit or assist in any action that results in SAMP not being controlled by SAMP because the City's willingness to enter this Lease is completely dependent upon SAMP's reputation, resources, local holdings and commitments, and experience.

Section 14.21 Inflation Adjustments. All adjustments for inflation required under this Lease shall be calculated utilizing the United States Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers; U.S. City average (1982-84=100). If the United States Department of Labor should no longer compile and publish this index, the most similar index compiled and published by said Department or any other branch or department of the federal government shall be used for the purpose of computing the inflation adjustments provided for in this Lease. If no such index is compiled or published by any branch or department of the federal government, the statistics reflecting cost of living increases as compiled by any institution or organization or individual designated by the City and generally recognized as an authority by financial or insurance institutions shall be used as a basis for such adjustments.

Section 14.22 Standard of Conduct. The implied covenant of good faith and fair dealing under Florida law is expressly adopted.

ARTICLE XV

LEASE EXTENSION and

CITY OPTION TO PURCHASE

Section 15.1. Extension of the Term.

- (a) **Intent.** The City recognizes that SAMP will be investing capital into the Leased Property throughout the Term to meet its obligations during the Term to operate and maintain the Marina in compliance with the Marina Standards and the Governmental Requirements, as appropriate, and that such re-investment of capital will provide economic and social benefits to St. Andrews and the citizens of the City.
- (b) The City acknowledges that in return for such a necessary and ongoing investment, SAMP may desire an extension of the Term. Whenever SAMP is considering a significant Marina capital investment beyond the construction of 159 wet slips, SAMP may request an extension to the Term commensurate with SAMP's proposed additional investment and a

commercially reasonable time to get a return on their additional investment. The Parties acknowledge in order to attract continual investment in the Marina, the Parties do not want the limited Term to deter SAMP's additional substantial investments.

- (c) Additionally, in consideration of SAMP entering this lease and rebuilding the Marina, the City desires to give SAMP the option to request, and in the City's discretion for SAMP to receive from the City, an extension to the Term for such period and on such terms as the Parties may mutually agree. If SAMP desires to extend the Term, it may deliver written notice (the "Extension Offer") to the City (1) no sooner than three (3) nor less than two (2) years prior to the end of the original Term or (2) upon proposal of SAMP's additional investment. The Extension Offer must state that SAMP is prepared, willing and able to extend the Term for a specified period of time and on the terms set forth in such notice. Once given, SAMP may not withdraw its Extension Offer without the City's written consent. If the Extension Offer is accepted by the City, the Term shall be extended as set forth in the Extension Offer.
- (d) The City in its sole discretion shall formally accept or reject any Extension Offer within ninety (90) days from and after its receipt. Failure to accept or reject during that period shall be conclusively deemed a rejection.
- (e) Provided that no SAMP Event of Default shall be continuing for so long as the City is in receipt of a timely delivered and unrejected Extension Offer, the City shall make no agreement with a third party which would preclude or impair its ability to grant SAMP an extension to the Term.

Section 15.2. City Option to Purchase Lease.

- (a) The City reserves the option to purchase back from SAMP this Lease and the Lessee Improvements which for this purpose shall include all Lessee Improvements, fixtures and personal property or equipment furnished or installed in or associated with the Leased Property and owned or leased by SAMP, which shall be, or as part of the purchase closing become, free and clear of all debts, mortgages, encumbrances, liens, and violations of any Governmental Approvals or Environmental Permits, in any material respect, all at the times and upon the terms following.
- (b) This option may be exercised by the City's delivery of written notice of exercise to SAMP under any of the circumstances and times listed below specifying a closing date during the respective period listed below:
 - (i) At any time after four (4) months have passed following (1) the filing of an action to foreclose any Leasehold Mortgage, or other proceeding in the nature thereof, or (2) the filing of a voluntary or involuntary bankruptcy by or against SAMP, or other proceeding or assignment in the nature thereof, which foreclosure action, bankruptcy, proceeding, or assignment is not dismissed or dissolved within that four (4) month period, specifying a closing date that is no more than sixty (60) days after the delivery of the notice.
 - (ii) At any time after entry of a final judgment foreclosing any interest of SAMP in this Lease without option of further appeal as of right, but no later than five o'clock PM (5:00 PM) local time on the third (3rd) Business Day after sale at the foreclosure auction, specifying a closing date that is no less than thirty (30) or more than sixty (60) days after the delivery of the notice.

- (iii) At any time within 60 days after a Default Tenant has accepted a Deed in Lieu of Foreclosure from SAMP permitted under this Lease and given the City written notice of that Transfer, specifying a closing date that is not less than sixty (60) or more than ninety (90) days after the delivery of the notice.
- (iv) At any time after ten (10) years have passed following a Permitted Transfer of this Lease to an Acceptable Tenant or to a Default Tenant, specifying a closing date that is not less than six (6) or more than nine (9) months after the delivery of the notice; provided, that, the City shall not exercise its option pursuant to this Section 15(b)(iv) unless such action has been approved by not less than four of the five members of the City Commission.
- (v) At any time after the first consecutive fifteen (15) years have passed and there has been a Permitted Transfer to an Acceptable Tenant or to a Default Tenant, specifying a date that is no less than six (6) or more than nine (9) months after the delivery of the notice.
- (c) The purchase price shall be paid at closing in readily available funds.
- (d) If the Parties cannot agree upon a purchase price, the purchase price shall be equal to the greater of (i) the appraised value of the leasehold as of the date the City gives notice of intent to purchase determined as agreed in Section 15.3 (the "Appraised Value"), or (ii) the sum of any outstanding, non-delinquent principal and interest thereon secured by a Leasehold Mortgage permitted by this Lease plus the Appraised Value but not exceeding one-hundred-ten percent (110%) of the Appraised Value; provided, that, if the City exercises its option pursuant to Section 15(b)(iv), in recognition of the potential loss of value to the Acceptable Tenant or Default Tenant, as the case may be, the purchase price determined in this Section 15(d) shall be increased by the amount equal to the percentage set forth in the table below multiplied by the amount determined pursuant to (i) or (ii), as the case may be. For example, if the City exercises its option pursuant to Section 15(b)(iv) in Year 12 following a Permitted Transfer and the purchase price determined pursuant to this Section 15(d) is \$20,000,000, the purchase price payable to the Acceptable Tenant or Default Tenant, as the case may be, shall be equal to $\$20,000,000 + (\$20,000,000 \times 4\%) = \$20,800,000$.
- (e) Within forty-five (45) days of delivery to the Parties of a final appraisal report required by Section 15.3, the City may withdraw the exercise of this option and, if so, shall not be entitled to close a new exercise of this option for a period of five (5) years after the withdrawal.
- (f) At closing, SAMP shall deliver possession of the Leased Property and the Lessee Improvements to the City and assign, convey, and surrender to the City free and unencumbered title to its leasehold interests and the Lessee Improvements and warrant to defend the City against any claim arising by, through, or under SAMP.
- (g) Additionally, the Parties covenant that, to close the purchase as provided in this paragraph, each will execute and deliver such commercially reasonable documents as the City shall prepare.
- (h) Each party shall bear their own attorney's fees and costs incurred to close the purchase, and share all taxes, fees, and recording costs imposed upon the transaction equally. Ad valorem taxes for the current year shall be prorated as of closing.

Section 15.3. Appraisal Procedure and Valuation Methodology. Appraised Value shall be determined as follows:

- (a) The Parties may agree upon an appraiser to serve at joint expense to determine Appraised Value, or
- (b) The Parties shall each appoint an appraiser at their respective expense qualified as described in Section 15.3, those two shall select a third appraiser so qualified to serve at joint expense, and the appraised value shall be the value selected by the one of the two appraisers that is closest, on a dollar basis, to the fair market value selected by the third appraiser. If SAMP fails or refuses to appoint an appraiser within ten (10) Business Days after receipt of written notice of the City's appointment, the appraised value of this Lease shall be determined solely by the appraiser appointed by the City.
- (c) Appraised Value shall be determined using the following methodology and no other. Appraisal of value shall rely upon the following income approach that determines market value to be the most probable price which SAMP's leasehold interest in the Leased Property should bring in an a competitive and open market in an arm's length transaction between a willing and able buyer and seller under no compulsion to sell, such buyer and seller being apprised of and considering all relevant facts, circumstances and factors, including the historical and projected future earnings of the Leased Property and the value of all real property and personal property located on the Leased Property; and the costs and expenses associated with the continued operation of the Leased Property and all indebtedness for borrowed money owed by SAMP related to the Leased Property.
- (d) Any appraiser selected by the City or SAMP shall be an independent third-party appraiser nationally recognized as having demonstrated experience and expertise in the appraisal of Marina properties similar to the Leased Property and having the availability and capacity to determine Appraised Value.

IN WITNESS WHEREOF, the City has caused this Lease Agreement to be executed in its name by its Manager and Mayor as of the day and year first above written, whose execution has been duly attested by its Clerk, and the form and sufficiency of which has been approved by the City Attorney.

Signed, sealed and delivered in
the presence of:

THE CITY OF PANAMA CITY,
a Florida municipal corporation

Brandy Waldron
Witness #1 Signature

By: Michael X. Rohan Sr.
Name: Michael X Rohan, Sr.
Title: Mayor
Date: May 14, 2024

Brandy Waldron
Witness #1 Printed Name

Jonathan H. Hayes
Witness #2 Signature

Attested by:

Jan Smith
Jan Smith, City Clerk-Treasurer

Jonathan H. Hayes
Witness #2 Printed Name

Approved as to Form and Correctness:

Nevin J. Zimmerman
Nevin J. Zimmerman, City Attorney
Burke Blue P.A.

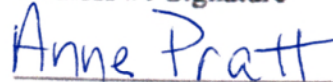
IN WITNESS WHEREOF, SAMP has caused this Lease Agreement to be executed in its name by its President as of the day and year first above written., whose execution has been duly attested by its Secretary, and the form and sufficiency of which has been approved by its General Counsel.

Signed, sealed and delivered in
the presence of:

ST. ANDREW MARINA
PARTNERS, LLC,
A Florida limited liability company



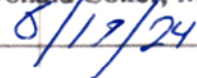
Witness #1 Signature



Witness #1 Printed Name

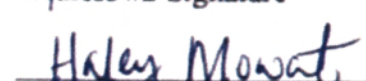
By: 

Name: Donald Coker, Manager

Date: 



Witness #2 Signature



Witness #2 Printed Name

By: 

Name: Cooper Harrison, Manager

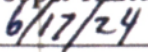
Date: 

EXHIBIT "A"

LEASE BOUNDARY and LEGAL DESCRIPTION OF LEASED PROPERTY

LEASE BOUNDARY



LEGAL DESCRIPTIONS

Parcel 1: "St. Andrews Marina"

Commence at the intersection of the West right-of-way line of Bayview Avenue with the South right-of-way line of 10th Street, according to Plat of Ware Estates as per Plat thereof recorded in Plat Book 4, Page 45 of the Public Records of Bay County, Florida; thence West along the Westerly extension of the South right-of-way line of 10th Street, 25.00 feet to the mean high water line as existed in 1957; thence continue West, 681.50 feet; thence North, parallel with the West right-of-way line of said Bayview Avenue, 736.50 feet; thence East, parallel with the South right-of-way line of said 10th Street 138.70 feet; thence South parallel with the West right-of-way line of Bayview Avenue, 598.10 feet; thence East parallel with the South right-of-way line of said 10th Street, 535.40 feet to the said mean high water line; thence Southerly along said mean high water line a distance of 138.60 feet to the Point of Beginning. Containing 4.149 acres, more or less, lying in Section 1, Township 4 south, Range 15 West.

LESS AND EXCEPT any of the above described lands which are or may hereafter become located waterward of the line of mean high water of St. Andrews Bay, it being the express intent of the Granter to retain and reserve such lands within the sovereign ownership of the State of Florida.

Source: Original Deed: Book 1349 Page 326, Official Records of Bay County, Florida

 Corrective Deed: Book 3579 Page 1655, Official Records of Bay County, Florida

Parcel 2: Sovereignty Submerged Land Lease Parcel

Commencing at the intersection of the west right-of-way boundary of Bayview Avenue, which is the Basis of Bearings (North 00°00'00" East) and the south right-of-way boundary of 10th Street; intersection being South 89°58'16" West of the Northwest corner of Lot 48, Block "3", of WARE ESTATE, a subdivision lying in Section 1, Township 4 South, Range 15 West, as recorded in Plat Book 4, Page 45, of the Public Records of Bay County, Florida; thence South 89°58'16" West, along the westerly extension of the south right-of-way boundary of 10th Street, a distance of 720.00 feet, into the waters of St. Andrew Bay, to the southwest corner of the existing Sovereignty Submerged Lands Lease as recorded in Official Records Book 1938, Page 1353 and the Point of Beginning. From said Point of Beginning, continue South 89°58'16"

West, along the westerly extension of the south right-of-way boundary of 10th Street, a distance of 45.00 feet; thence North 00°00'00" East a distance of 750.00 feet; thence North 89°58'16" East a distance of 45.00 feet to the northwest corner of the said existing Sovereignty Submerged Lands Lease; thence South 00°00'00" West, along said existing Sovereignty Submerged Lands Lease, a distance of 750.00 feet to the Point of Beginning. The above described area covers 33,750 square feet or 0.775 of an acre and is west of and adjacent to the existing lease area of 340,188 square feet or 7.81 acres for a total combined area of 373,938 square feet or 8.584 acres.

(Source: Board of Trustees of the Internal Improvement Trust Fund of the State of Florida Submerged Land Lease No. 030022651, February 22, 2013, as recorded in Book 3521 Page 234, Official Records of Bay County, Florida)

EXHIBIT “B”
APPROVED PLANS

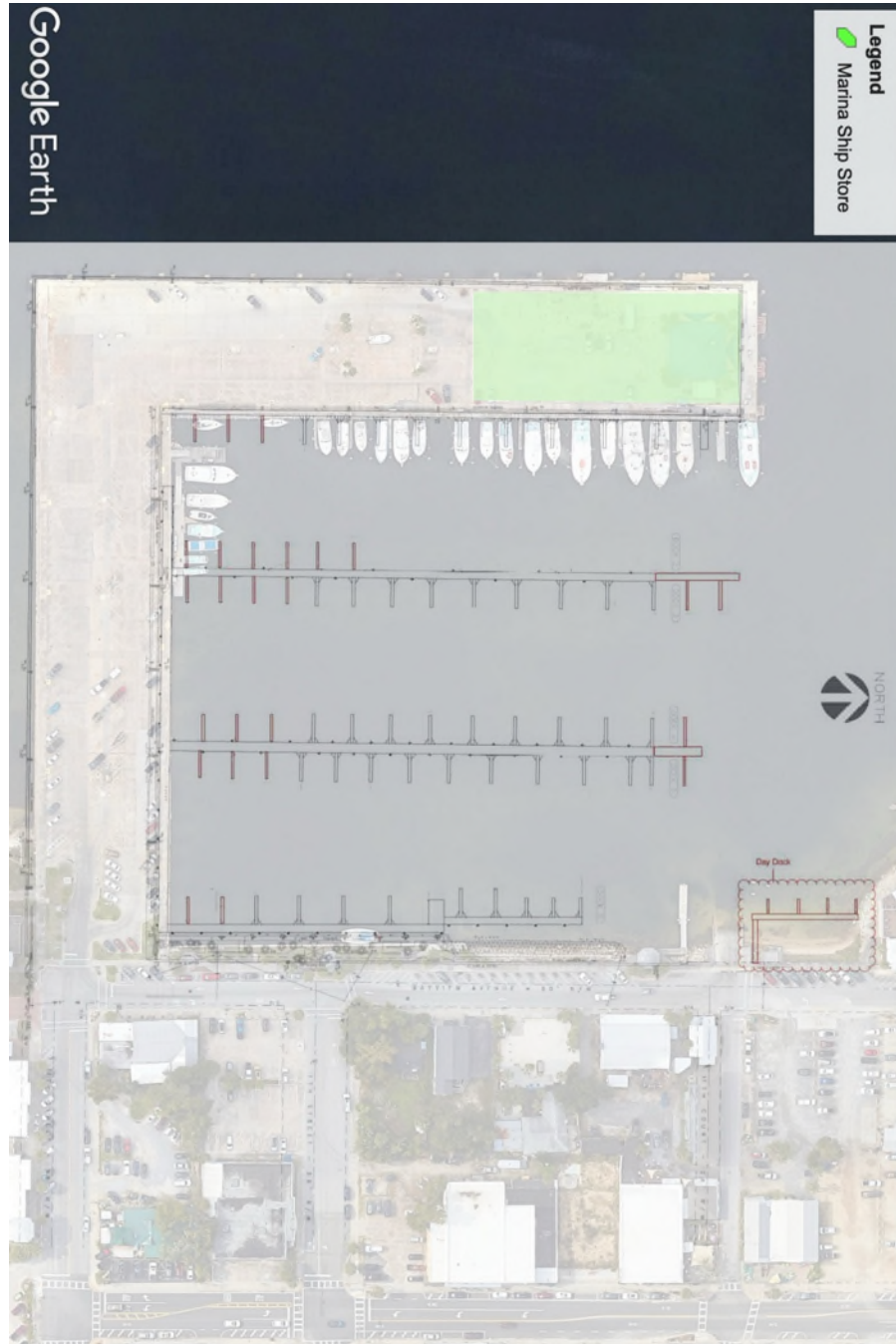


EXHIBIT "C"

ACCEPTABLE TENANT DEFINITION

- A. "Acceptable Tenant" means any individual, corporation or other entity which has, at a minimum, the following qualifications (collectively, the "Acceptable Tenant Criteria"):
1. The Proposed New Tenant must possess the qualifications, experience, good reputation and financial resources necessary for the operation of the Leased Property, according to this Lease, in a manner consistent with the quality, reputation and economic viability of the Leased Property, each as determined in the good faith, commercially reasonable discretion of the City.
 2. There shall be no outstanding material violations of any Governmental Requirement against the Proposed New Tenant, or any other property owned or managed by such Proposed New Tenant, or an Affiliate of such Proposed New Tenant which have remained uncured for more than ninety (90) days.
 3. The Proposed New Tenant must not be owned or controlled by entities or individuals who have been convicted, or are presently under indictment, for felonies under the laws of any foreign or United States of America jurisdiction.
 4. The Proposed New Tenant must not (nor any of the individuals or entities who own at least a ten (10%) percent equity interest in the Proposed New Tenant or are officers, directors, managers or otherwise have the power to direct and control the business and affairs of the Proposed New Tenant) have filed or been discharged from bankruptcy, or have been the subject of an involuntary bankruptcy, reorganization or insolvency proceedings within the past five (5) years (bankruptcy filings by affiliates shall not disqualify a Proposed New Tenant, unless such affiliates are any of the individuals or entities described in the parenthetical immediately above).
 5. The Proposed New Tenant must not in its charter or organizational documents (defined as the articles of incorporation and bylaws for any corporation, the partnership agreement and partnership certificate for any partnership, the trust agreement for any trust, the operating agreement of any limited liability company) expressly advocate or have as its stated purpose: (a) the violent overthrow of or armed resistance against, the U.S. government; or (b) genocide or violence against any persons; or (c) discrimination, hatred or animosity toward persons based solely on their race, creed, color, sex or national origin.
- B. Evaluation of the "Acceptable Tenant Criteria": Solely for the purpose of evaluating whether the Proposed New Tenant meets the five (5) criteria set forth above, it, he or she shall provide the following information to SAMP which shall provide a copy to be reviewed by the City:
1. The identity of the Proposed New Tenant.
 2. Copies of any current operating licenses held by the Proposed New Tenant issued by any governmental authority.
 3. Resumes of the Proposed New Tenant, senior executives, and other key employees.
 4. The organizational documents of the Proposed New Tenant and governmental certification of good standing.
 5. Information sufficient for the City to perform a permitted background check.
 6. Financial statements reflecting the Proposed New Tenant's financial ability to meet the obligations and requirements involved in the Transfer.
 7. A list of all bankruptcies filed by or which the Proposed New Tenant, or an Affiliate of the Proposed New Tenant, was a party-bankrupt, if any.
 8. A list of all pending litigation, liens or claims in which the Proposed New Tenant is currently involved.
 9. A list of four (4) persons or firms with whom Proposed New Tenant has conducted business transactions during the past three (3) years. At least two (2) of those references must have knowledge of the Proposed New Tenant's debt payment history.

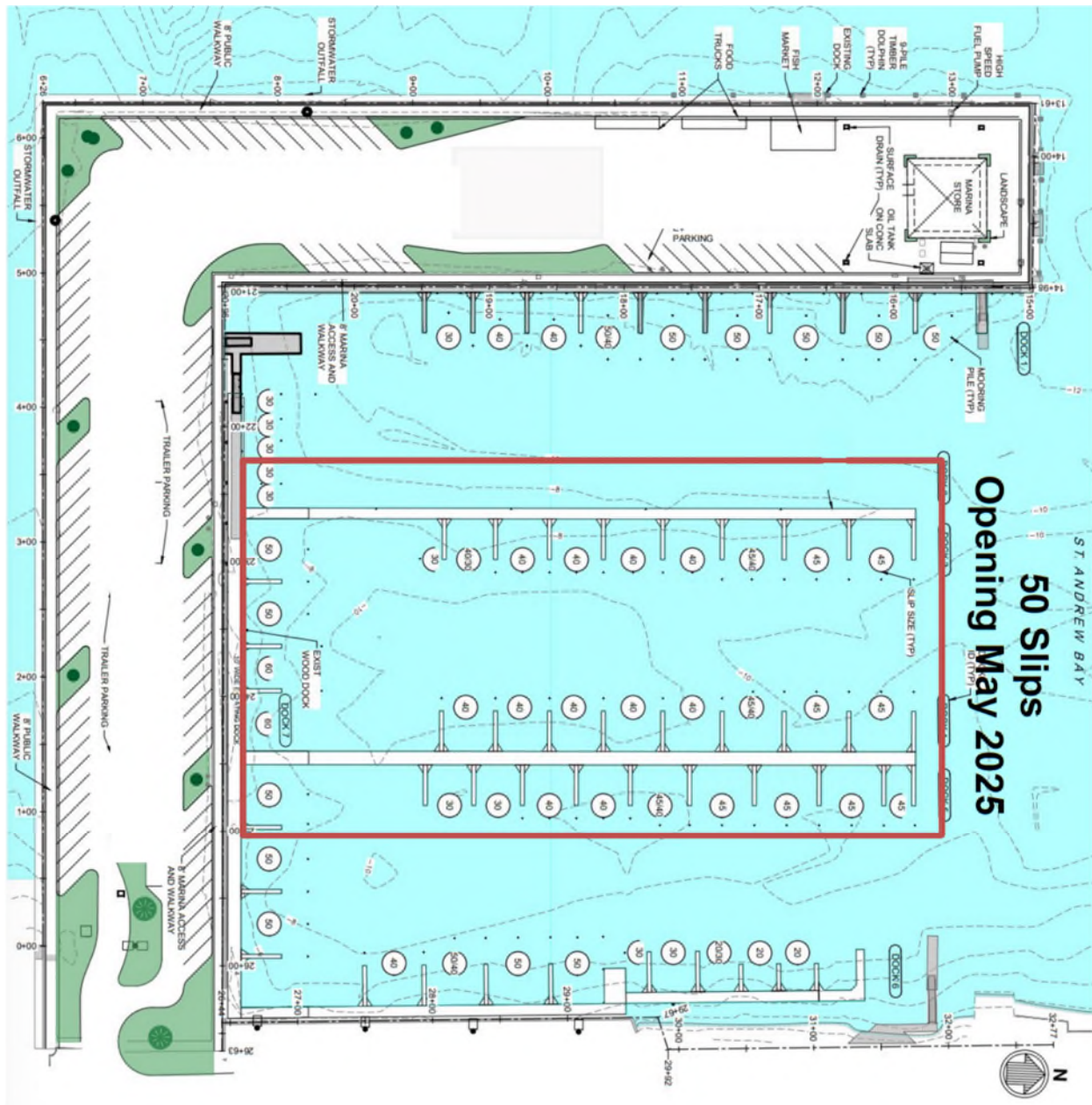
10. Such other evidence as is commercially reasonably necessary to establish that the new entity proposed to be an Acceptable Tenant meets the Acceptable Tenant Criteria.

C. Approval Process: The City will not unreasonably withhold, condition or delay its consent if the Proposed New Tenant meets the Acceptable Tenant Criteria.

1. SAMP shall initiate the process by delivering written notice to the City proposing an Acceptable Tenant accompanied by the evaluation information specified above.
2. The City shall have forty-five (45) days after all the information requested is received to determine whether, on a commercially reasonable basis, the Proposed New Tenant meets the Acceptable Tenant Criteria or whether additional information is needed.
3. If the City notifies SAMP, in writing, within such forty-five (45)-day period, that the information submitted is, on a commercially reasonable basis, incomplete or insufficient (and specifies in what ways it is incomplete or insufficient), then SAMP shall supplement such information on a commercially reasonable basis, and the City shall have thirty (30) days after such supplemental information is provided to make its determination whether the Proposed New Tenant meets the Acceptable Tenant Criteria.
4. If the City disapproves the Proposed New Tenant, the City shall provide to Developer specific written, commercially reasonable reasons for such disapproval. The City's failure to timely object to the Proposed New Tenant as specified above shall be deemed to be the approval by the City of the Proposed New Tenant as an Acceptable Tenant.
5. Any entity approved as an Acceptable Tenant must meet the Acceptable Tenant Criteria throughout its service as an Acceptable Tenant hereunder unless certain of said qualifications were waived by the City, in writing, at the time of original approval.
6. No approval by the City of a Proposed New Tenant as an Acceptable Tenant or its meeting of the Acceptable Tenant Criteria shall have the effect of waiving or estopping the City from later claiming that an approved Acceptable Tenant is in violation of any agreement for which the Acceptable Tenant is responsible.

D. Dispute Resolution: If there is any dispute, in whole or in part, between the Parties over the provisions of this **Exhibit "C"**, the qualifications of the Proposed New Tenant, or whether the Proposed New Tenant meets the Acceptable Tenant Criteria, it shall be resolved in Bay County, Florida, using the then-applicable Commercial Arbitration rules of the American Arbitration Association, except that, in any event, there shall be three (3) arbitrators. They shall be the last three (3) people left on a list, after the Parties alternate striking names, provided by the American Arbitration Association. The party that shall strike first shall be determined by lot. The list shall contain the names of twenty-one (21) people with substantial experience in marina projects. All costs of Arbitration shall be borne equally by the Parties. Each party shall be responsible for its own attorneys' and consultants' fees, if any. The dispute shall be solely between the Parties. No Proposed New Tenant shall have any rights in this process, shall not be considered a third-party beneficiary, and shall have no standing to participate in the resolution of any dispute other than as a fact witness subject to cross-examination.

Phase 1: Docks 2, 3, 4, and 5 (50 Slips)



Phase 2: Dock 1 Demolition, Interior Bulkhead Repair, Dock 1 (28 Slips) Replacement

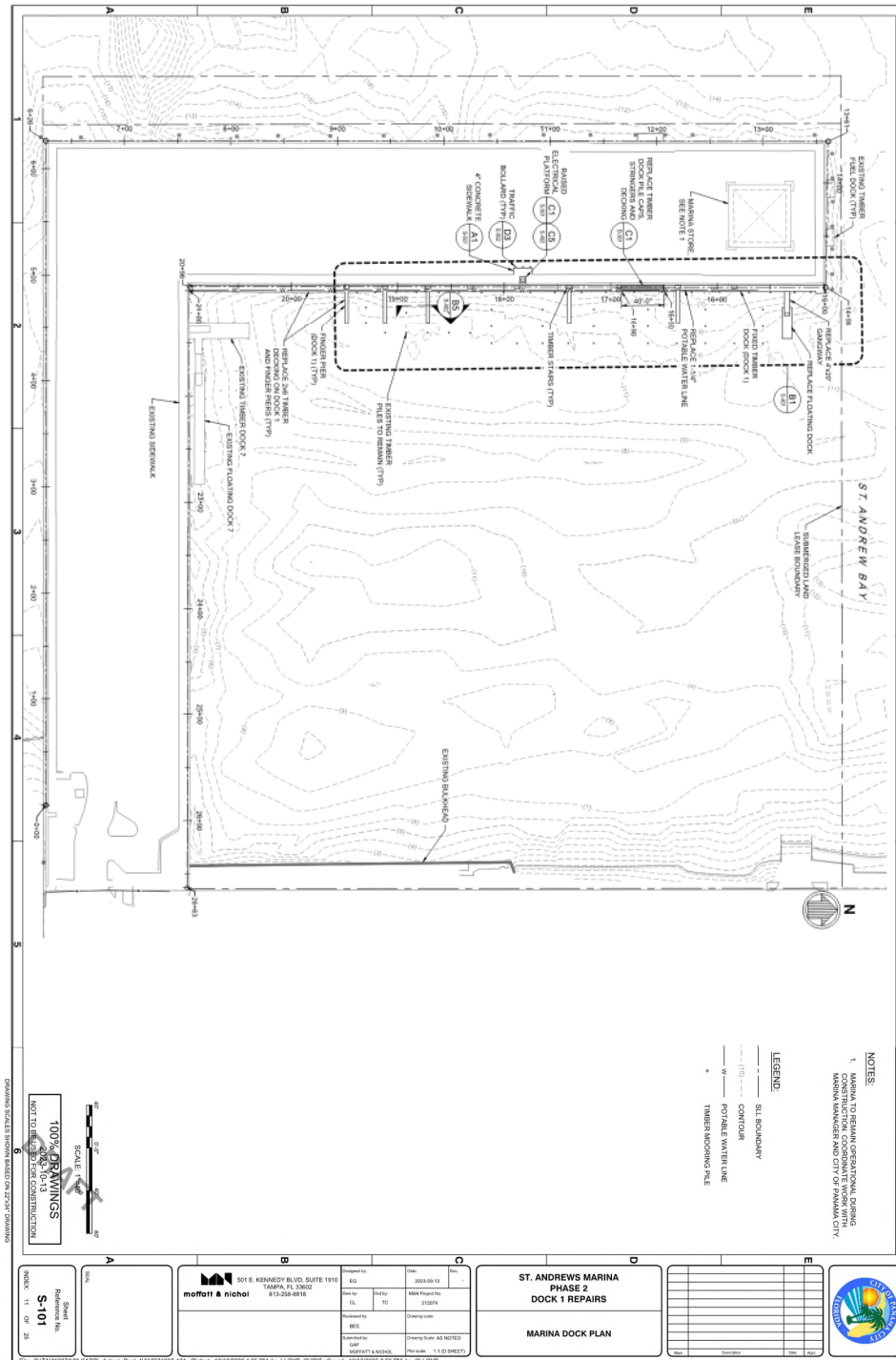


EXHIBIT "F"

Phase 3: Docks 6 and 7, Day Dock, Remaining Slips (87 Slips)

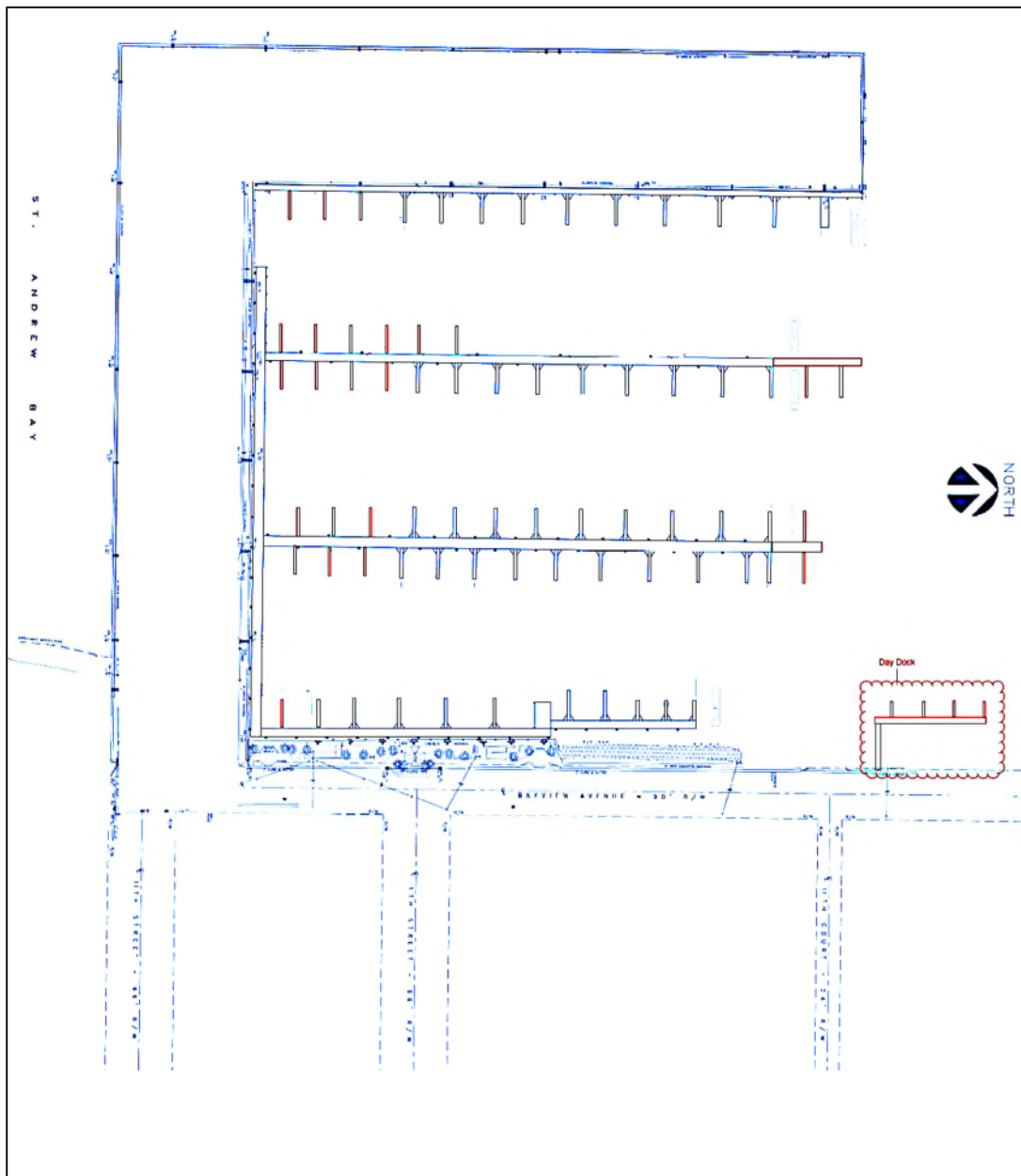


EXHIBIT “G”

Cost Plus Contract

AGREEMENT made as of the « » day of « » in the year « »
(In words, indicate day, month and year.)

BETWEEN the Owner:
(Name, legal status, address and other information)

«City of Panama City, Florida »« »
« 501 Harrison Avenue »
« Panama City, Florida 32401 »
« »

and the Contractor:
(Name, legal status, address and other information)

«St. Andrew Marina Partners, LLC. »« »
« »
« »
« »

for the following Project:
(Name, location and detailed description)

« St Andrew Marina Bulkhead Repair »
« »
« »

The Architect:
(Name, legal status, address and other information)

«N/A »« »
« »
« »
« »

The Owner and Contractor agree as follows.

TABLE OF ARTICLES

1	THE CONTRACT DOCUMENTS
2	THE WORK OF THIS CONTRACT
3	RELATIONSHIP OF THE PARTIES
4	DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION
5	CONTRACT SUM
6	CHANGES IN THE WORK
7	COSTS TO BE REIMBURSED
8	COSTS NOT TO BE REIMBURSED
9	DISCOUNTS, REBATES AND REFUNDS
10	SUBCONTRACTS AND OTHER AGREEMENTS
11	ACCOUNTING RECORDS
12	PAYMENTS
13	DISPUTE RESOLUTION
14	TERMINATION OR SUSPENSION
15	MISCELLANEOUS PROVISIONS
16	ENUMERATION OF CONTRACT DOCUMENTS

EXHIBIT A INSURANCE AND BONDS

ARTICLE 1 THE CONTRACT DOCUMENTS

The Contract Documents consist of this Agreement, Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to execution of this Agreement, other documents listed in this Agreement, and Modifications issued after execution of this Agreement, all of which form the Contract and are as fully a part of the Contract as if attached to this Agreement or repeated herein. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. If anything in the other Contract Documents, other than a Modification, is inconsistent with this Agreement, this Agreement shall govern. An enumeration of the Contract Documents, other than a Modification, appears in Article 16.

ARTICLE 2 THE WORK OF THIS CONTRACT

The Contractor shall fully execute the Work described in the Contract Documents, except as specifically indicated in the Contract Documents to be the responsibility of others. Those portions of that certain Ground Lease dated May ____, 2024 between SAMP and the City of Panama City, Florida which are applicable to this Contract are incorporated herein by reference.

ARTICLE 3 RELATIONSHIP OF THE PARTIES

The Contractor accepts the relationship of trust and confidence established by this Agreement and covenants with the Owner to cooperate with the Architect and exercise the Contractor's skill and judgment in furthering the interests of the Owner; to furnish efficient business administration and supervision; to furnish at all times an adequate supply of workers and materials; and to perform the Work in an expeditious and economical manner consistent with the Owner's interests. The Owner agrees to furnish and approve, in a timely manner, information required by the Contractor and to make payments to the Contractor in accordance with the requirements of the Contract Documents.

ARTICLE 4

DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

§ 4.1 The date of commencement of the Work shall be:
(Check one of the following boxes.)

☐ [« »] The date of this Agreement.

☐ [« »] A date set forth in a notice to proceed issued by the Owner.

☒ [« X »] Established as follows:
(Insert a date or a means to determine the date of commencement of the Work.)

« Pursuant to the date established in that certain Ground Lease dated May ___, 2024, between SAMP and The City of Panama City. »

If a date of commencement of the Work is not selected, then the date of commencement shall be the date of this Agreement.

§ 4.2 The Contract Time shall be measured from the date of commencement of the Work.

§ 4.3 Substantial Completion

§ 4.3.1 Subject to adjustments of the Contract Time as provided in the Contract Documents, the Contractor shall achieve Substantial Completion of the entire Work:

(Check one of the following boxes and complete the necessary information.)

☐ [« »] Not later than » (« ») calendar days from the date of commencement of the Work.

☒ [« X »] By the following date: « October 1, 2029 »

§ 4.3.2 Subject to adjustments of the Contract Time as provided in the Contract Documents, if portions of the Work are to be completed prior to Substantial Completion of the entire Work, the Contractor shall achieve Substantial Completion of such portions by the following dates:

Portion of Work

Substantial Completion Date

§ 4.3.3 If the Contractor fails to achieve Substantial Completion as provided in this Section 4.3, liquidated damages, if any, shall be assessed as set forth in Section 5.1.6.

ARTICLE 5 CONTRACT SUM

§ 5.1 The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum is the Cost of the Work as defined in Article 7 plus the Contractor's Fee.

§ 5.1.1 The Contractor's Fee:

(State a lump sum, percentage of Cost of the Work, or other provision for determining the Contractor's Fee.)

« 20% of the Cost of Work »

§ 5.1.2 The method of adjustment of the Contractor's Fee for changes in the Work:

« »

§ 5.1.3 Limitations, if any, on a Subcontractor's overhead and profit for increases in the cost of its portion of the Work:

« »

§ 5.1.4 Rental rates for Contractor-owned equipment shall not exceed « twenty » percent («20» %) of the standard rental rate paid at the place of the Project.

§ 5.1.5 Unit prices, if any:

(Identify the item and state the unit price and quantity limitations, if any, to which the unit price will be applicable.)

Item	Units and Limitations	Price Per Unit (\$0.00)

§ 5.1.6 Liquidated damages, if any:

(Insert terms and conditions for liquidated damages, if any.)

« »

§ 5.1.7 Other:

(Insert provisions for bonus or other incentives, if any, that might result in a change to the Contract Sum.)

«Contractor will be reimbursed for design costs. Contractor will solicit competitive bids for utilities, sheet piles, parking deck overlay and bulkhead railing.»

§ 5.2 Control Estimate

§ 5.2.1 The Contractor shall prepare and submit to the Owner, in writing, a Control Estimate of Twelve Million Nine Hundred Thousand Dollars (\$12,900,000). The Control Estimate includes the estimated Cost of the Work plus the Contractor's Fee. The Control Estimate shall be used to monitor actual costs and the timely performance of the Work. The Contractor shall update the Control Estimate with each Application for Payment as needed to reflect changes in the Work.

§ 5.2.2 The Control Estimate shall include

- .1 the documents enumerated in Article 16, including all Modifications thereto;
- .2 a list of the assumptions made by the Contractor in the preparation of the Control Estimate, including assumptions under Section 5.2.4, to supplement the information provided by the Owner and contained in the Contract Documents;
- .3 a statement of the estimated Cost of the Work organized by trade categories or systems and the Contractor's Fee;
- .4 a project schedule upon which the Control Estimate is based, indicating proposed Subcontractors, activity sequences and durations, milestone dates for receipt and approval of pertinent information, schedule of shop drawings and samples, procurement and delivery of materials or equipment, and the Owner's occupancy requirements; and
- .5 contingencies for further development of design and construction, as required by Section 5.2.4.

§ 5.2.3 The Contractor shall meet with the Owner and Architect to review the Control Estimate. In the event that the Owner or Architect discovers any inconsistencies or inaccuracies in the information presented, they shall promptly

notify the Contractor, who shall make appropriate adjustments to the Control Estimate. When the Control Estimate is acceptable to the Owner, the Owner shall acknowledge it in writing. The Owner's acceptance of the Control Estimate does not imply that the Control Estimate constitutes a Guaranteed Maximum Price.

§ 5.2.4 To the extent that the Contract Documents are anticipated to require further development, the Contractor shall provide in the Control Estimate for such further development consistent with the Contract Documents and reasonably inferable therefrom. Such further development does not include changes in scope, systems, kinds and quality of materials, finishes or equipment, all of which, if required, shall be incorporated in a revised Control Estimate by mutual agreement of the parties.

§ 5.2.5 The Contractor shall develop and implement a detailed system of cost control that will provide the Owner and Architect with timely information as to the anticipated total Cost of the Work. The cost control system shall compare the Control Estimate with the actual cost for activities in progress and estimates for uncompleted tasks and proposed changes. This information shall be reported to the Owner, in writing, no later than the Contractor's first Application for Payment and shall be revised and submitted with each Application for Payment.

§ 5.2.6 The Owner shall authorize preparation of revisions to the Contract Documents that incorporate the agreed-upon assumptions contained in the Control Estimate. The Owner shall promptly furnish such revised Contract Documents to the Contractor. The Contractor shall notify the Owner and Architect of any inconsistencies between the Control Estimate and the revised Contract Documents.

ARTICLE 6

CHANGES IN THE WORK

§ 6.1 The Owner may, without invalidating the Contract, order changes in the Work within the general scope of the Contract consisting of additions, deletions or other revisions. The Owner shall issue such changes in writing. The Architect may make minor changes in the Work as provided in Article 7 of AIA Document A201™-2017, General Conditions of the Contract for Construction. The Contractor shall be entitled to an equitable adjustment in the Contract Time as a result of changes in the Work. The Contractor shall incorporate all changes in the Work and Contract Time as separate entries in the Control Estimate.

§ 6.2 Increased costs for the items set forth in Article 7 which result from changes in the Work shall become part of the Cost of the Work, and the Contractor's Fee shall be adjusted as provided in Article 5.

§ 6.3 If the Contractor receives any drawings, specifications, interpretations or instructions from the Owner or Architect which are inconsistent with the Contract Documents, or encounters unanticipated conditions, any of which will result in a significant change in the Cost of the Work or estimated date of Substantial Completion in comparison with the Control Estimate, the Contractor shall promptly notify the Owner and Architect in writing and shall not proceed with the affected Work until the Contractor receives further written instructions from the Owner and Architect.

§ 6.4 If no specific provision is made in Article 5 for adjustment of the Contractor's Fee in the case of changes in the Work, or if the extent of changes is such, in the aggregate, that application of the adjustment provisions of Article 5 will cause substantial inequity to the Owner or Contractor, the Contractor's Fee shall be equitably adjusted on the same basis that was used to establish the Fee for the original Work.

ARTICLE 7

COSTS TO BE REIMBURSED

§ 7.1 Cost of the Work

§ 7.1.1 The term Cost of the Work shall mean costs necessarily incurred by the Contractor in the proper performance of the Work. The Cost of the Work shall include only the items set forth in this Article 7.

§ 7.1.2 Where, pursuant to the Contract Documents, any cost is subject to the Owner's prior approval, the Contractor shall obtain such approval in writing prior to incurring the cost.

§ 7.1.3 Costs shall be at rates not higher than the standard paid at the place of the Project, except with prior approval of the Owner.

§ 7.2 Labor Costs

§ 7.2.1 Wages or salaries of construction workers directly employed by the Contractor to perform the construction of the Work at the site or, with the Owner's prior approval, at off-site workshops.

§ 7.2.2 Wages or salaries of the Contractor's supervisory and administrative personnel when stationed at the site and performing Work, with the Owner's prior approval.

§ 7.2.2.1 Wages or salaries of the Contractor's supervisory and administrative personnel when performing Work and stationed at a location other than the site, but only for that portion of time required for the Work, and limited to the personnel and activities listed below:

(Identify the personnel, type of activity and, if applicable, any agreed upon percentage of time to be devoted to the Work.)

« »

§ 7.2.3 Wages or salaries of the Contractor's supervisory or administrative personnel engaged at factories, workshops or while traveling, in expediting the production or transportation of materials or equipment required for the Work, but only for that portion of their time required for the Work.

§ 7.2.4 Costs paid or incurred by the Contractor, as required by law or collective bargaining agreements, for taxes, insurance, contributions, assessments, and benefits and, for personnel not covered by collective bargaining agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Sections 7.2.1 through 7.2.3.

§ 7.2.5 If agreed rates for labor costs, in lieu of actual costs, are provided in this Agreement, the rates shall remain unchanged throughout the duration of this Agreement, unless the parties execute a Modification.

§ 7.3 Subcontract Costs

Payments made by the Contractor to Subcontractors in accordance with the requirements of the subcontracts and this Agreement.

§ 7.4 Costs of Materials and Equipment Incorporated in the Completed Construction

§ 7.4.1 Costs, including transportation and storage at the site, of materials and equipment incorporated, or to be incorporated in the completed construction.

§ 7.4.2 Costs of materials described in the preceding Section 7.4.1 in excess of those actually installed to allow for reasonable waste and spoilage. Unused excess materials, if any, shall become the Owner's property at the completion of the Work or, at the Owner's option, shall be sold by the Contractor. Any amounts realized from such sales shall be credited to the Owner as a deduction from the Cost of the Work.

§ 7.5 Costs of Other Materials and Equipment, Temporary Facilities and Related Items

§ 7.5.1 Costs of transportation, storage, installation, dismantling, maintenance, and removal of materials, supplies, temporary facilities, machinery, equipment and hand tools not customarily owned by construction workers that are provided by the Contractor at the site and fully consumed in the performance of the Work. Costs of materials, supplies, temporary facilities, machinery, equipment, and tools, that are not fully consumed, shall be based on the cost or value of the item at the time it is first used on the Project site less the value of the item when it is no longer used at the Project site. Costs for items not fully consumed by the Contractor shall mean fair market value.

§ 7.5.2 Rental charges for temporary facilities, machinery, equipment, and hand tools not customarily owned by construction workers that are provided by the Contractor at the site and the costs of transportation, installation, dismantling, minor repairs, and removal of such temporary facilities, machinery, equipment, and hand tools. Rates and quantities of equipment owned by the Contractor, or a related party as defined in Section 7.8, shall be subject to the Owner's prior approval. The total rental cost of any such equipment may not exceed the purchase price of a comparable item.

§ 7.5.3 Costs of removal of debris from the site of the Work and its proper and legal disposal.

§ 7.5.4 Costs of the Contractor's site office, including general office equipment and supplies.

§ 7.5.5 Costs of materials and equipment suitably stored off the site at a mutually acceptable location, subject to the Owner's prior approval.

§ 7.6 Miscellaneous Costs

§ 7.6.1 Premiums for that portion of insurance and bonds required by the Contract Documents that can be directly attributed to this Contract.

§ 7.6.1.1 Costs for self-insurance, for either full or partial amounts of the coverages required by the Contract Documents, with the Owner's prior approval.

§ 7.6.1.2 Costs for insurance through a captive insurer owned or controlled by the Contractor, with the Owner's prior approval.

§ 7.6.2 Sales, use, or similar taxes, imposed by a governmental authority, that are related to the Work and for which the Contractor is liable.

§ 7.6.3 Fees and assessments for the building permit, and for other permits, licenses, and inspections, for which the Contractor is required by the Contract Documents to pay.

§ 7.6.4 Fees of laboratories for tests required by the Contract Documents; except those related to defective or nonconforming Work for which reimbursement is excluded under Article 13 of AIA Document A201–2017 or by other provisions of the Contract Documents, and which do not fall within the scope of Section 7.7.3.

§ 7.6.5 Royalties and license fees paid for the use of a particular design, process, or product, required by the Contract Documents.

§ 7.6.5.1 The cost of defending suits or claims for infringement of patent rights arising from requirements of the Contract Documents, payments made in accordance with legal judgments against the Contractor resulting from such suits or claims, and payments of settlements made with the Owner's consent, unless the Contractor had reason to believe that the required design, process, or product was an infringement of a copyright or a patent, and the Contractor failed to promptly furnish such information to the Architect as required by Article 3 of AIA Document A201–2017. The costs of legal defenses, judgments, and settlements shall not be included in the Cost of the Work used to calculate the Contractor's Fee.

§ 7.6.6 Costs for communications services, electronic equipment, and software, directly related to the Work and located at the site, with the Owner's prior approval.

§ 7.6.7 Costs of document reproductions and delivery charges.

§ 7.6.8 Deposits lost for causes other than the Contractor's negligence or failure to fulfill a specific responsibility in the Contract Documents.

§ 7.6.9 Legal, mediation and arbitration costs, including attorneys' fees, other than those arising from disputes between the Owner and Contractor, reasonably incurred by the Contractor after the execution of this Agreement in the performance of the Work and with the Owner's prior approval, which shall not be unreasonably withheld.

§ 7.6.10 Expenses incurred in accordance with the Contractor's standard written personnel policy for relocation and temporary living allowances of the Contractor's personnel required for the Work, with the Owner's prior approval.

§ 7.6.11 That portion of the reasonable expenses of the Contractor's supervisory or administrative personnel incurred while traveling in discharge of duties connected with the Work.

§ 7.7 Other Costs and Emergencies

§ 7.7.1 Other costs incurred in the performance of the Work, with the Owner's prior approval.

§ 7.7.2 Costs incurred in taking action to prevent threatened damage, injury, or loss, in case of an emergency affecting the safety of persons and property, as provided in Article 10 of AIA Document A201-2017.

§ 7.7.3 Costs of repairing or correcting damaged or nonconforming Work executed by the Contractor, Subcontractors, or suppliers, provided that such damaged or nonconforming Work was not caused by negligence of, or failure to fulfill a specific responsibility by, the Contractor, and only to the extent that the cost of repair or correction is not recovered by the Contractor from insurance, sureties, Subcontractors, suppliers, or others.

§ 7.8 Related Party Transactions

§ 7.8.1 For purposes of Section 7.8, the term "related party" shall mean (1) a parent, subsidiary, affiliate, or other entity having common ownership of, or sharing common management with, the Contractor; (2) any entity in which any stockholder in, or management employee of, the Contractor holds an equity interest in excess of ten percent in the aggregate; (3) any entity which has the right to control the business or affairs of the Contractor; and (4) any person, or any member of the immediate family of any person, who has the right to control the business or affairs of the Contractor.

§ 7.8.2 If any of the costs to be reimbursed arise from a transaction between the Contractor and a related party, the Contractor shall notify the Owner of the specific nature of the contemplated transaction, including the identity of the related party and the anticipated cost to be incurred, before any such transaction is consummated or cost incurred. If the Owner, after such notification, authorizes the proposed transaction in writing, then the cost incurred shall be included as a cost to be reimbursed, and the Contractor shall procure the Work, equipment, goods, or service, from the related party, as a Subcontractor, according to the terms of Article 10. If the Owner fails to authorize the transaction in writing, the Contractor shall procure the Work, equipment, goods, or service from some person or entity other than a related party according to the terms of Article 10.

ARTICLE 8 COSTS NOT TO BE REIMBURSED

§ 8.1 The Cost of the Work shall not include the items listed below:

- .1** Salaries and other compensation of the Contractor's personnel stationed at the Contractor's principal office or offices other than the site office, except as specifically provided in Section 7.2, or as may be provided in Article 15;
- .2** Bonuses, profit sharing, incentive compensation, and any other discretionary payments, paid to anyone hired by the Contractor or paid to any Subcontractor or vendor, unless the Owner has provided prior approval;
- .3** Expenses of the Contractor's principal office and offices other than the site office;
- .4** Overhead and general expenses, except as may be expressly included in Article 7;
- .5** The Contractor's capital expenses, including interest on the Contractor's capital employed for the Work;
- .6** Except as provided in Section 7.7.3 of this Agreement, costs due to the negligence of, or failure to fulfill a specific responsibility of the Contract by, the Contractor, Subcontractors, and suppliers, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable; and
- .7** Any cost not specifically and expressly described in Article 7.
- .8** Any Work performed by a Related Party shall be considered Work performed by SAMP and shall not be subject to the payment of an additional Contractor's Fee pursuant to section 5.1.1.

ARTICLE 9 DISCOUNTS, REBATES AND REFUNDS

§ 9.1 Cash discounts obtained on payments made by the Contractor shall accrue to the Owner if (1) before making the payment, the Contractor included the amount to be paid, less such discount, in an Application for Payment and received payment from the Owner, or (2) the Owner has deposited funds with the Contractor with which to make payments; otherwise, cash discounts shall accrue to the Contractor. Trade discounts, rebates, refunds, and amounts received from sales of surplus materials, and equipment shall accrue to the Owner, and the Contractor shall make provisions so that they can be obtained.

§ 9.2 Amounts that accrue to the Owner in accordance with the provisions of Section 9.1 shall be credited to the Owner as a deduction from the Cost of the Work.

ARTICLE 10

SUBCONTRACTS AND OTHER AGREEMENTS

§ 10.1 Those portions of the Work that the Contractor does not customarily perform with the Contractor's own personnel shall be performed under subcontracts or other appropriate agreements with the Contractor. The Owner may designate specific persons from whom, or entities from which, the Contractor shall obtain bids. The Contractor shall obtain bids from Subcontractors, and from suppliers of materials or equipment fabricated especially for the Work, who are qualified to perform that portion of the Work in accordance with the requirements of the Contract Documents. The Contractor shall deliver such bids to the Architect and Owner with an indication as to which bids the Contractor intends to accept. The Owner then has the right to review the Contractor's list of proposed subcontractors and suppliers in consultation with the Architect and to object to any subcontractor or supplier. Any advice of the Architect, or approval or objection by the Owner, shall not relieve the Contractor of its responsibility to perform the Work in accordance with the Contract Documents. The Contractor shall not be required to contract with anyone to whom the Contractor has reasonable objection.

§ 10.2 Subcontracts or other agreements shall conform to the applicable payment provisions of this Agreement, and shall not be awarded on the basis of cost plus a fee without the Owner's prior written approval. If a subcontract is awarded on the basis of a cost-plus a fee, the Contractor shall provide in the subcontract for the Owner to receive the same audit rights with regard to the Subcontractor as the Owner receives with regard to the Contractor in Article 11.

§ 10.3 The Contractor shall prepare, for the Architect's review and the Owner's acceptance, a procurement schedule for items that must be ordered well in advance of construction. The Contractor shall expedite and coordinate the ordering and delivery of materials that must be ordered well in advance of construction. If the Owner agrees to procure any items prior to the Owner's approval of the Control Estimate, the Owner shall procure the items on terms and conditions acceptable to the Contractor. Upon the Owner's approval of the Control Estimate, the Owner shall assign all contracts for these items to the Contractor and the Contractor shall thereafter accept responsibility for them.

ARTICLE 11 ACCOUNTING RECORDS

The Contractor shall keep full and detailed records and accounts related to the Cost of the Work, and exercise such controls, as may be necessary for proper financial management under this Contract and to substantiate all costs incurred. The accounting and control systems shall be satisfactory to the Owner. The Owner and the Owner's auditors shall, during regular business hours and upon reasonable notice, be afforded access to, and shall be permitted to audit and copy, the Contractor's records and accounts, including complete documentation supporting accounting entries, books, job cost reports, correspondence, instructions, drawings, receipts, subcontracts, Subcontractor's proposals, Subcontractor's invoices, purchase orders, vouchers, memoranda, and other data relating to this Contract. The Contractor shall preserve these records for a period of three years after final payment, or for such longer period as may be required by law.

ARTICLE 12 PAYMENTS

§ 12.1 Progress Payments

§ 12.1.1 Based upon Applications for Payment submitted to the Architect by the Contractor, and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum, to the Contractor, as provided below and elsewhere in the Contract Documents.

§ 12.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

« »

§ 12.1.3 Provided that an Application for Payment is received by the Architect not later than the last day of a month, the Owner shall make payment of the amount certified to the Contractor not later than the « 15th » day of the following month. If an Application for Payment is received by the Architect after the application date fixed above, payment of the amount certified shall be made by the Owner not later than «thirty » («30 ») days after the Architect receives the Application for Payment.

(Federal, state or local laws may require payment within a certain period of time.)

§ 12.1.4 With each Application for Payment, the Contractor shall submit the cost control information required in Section 5.2.5 along with payrolls, petty cash accounts, receipted invoices, or invoices with check vouchers attached, and any other evidence required by the Owner or Architect to demonstrate that payments already made by the Contractor on account of the Cost of the Work equal or exceed progress payments already received by the Contractor plus payrolls for the period covered by the present Application for Payment, less that portion of the progress payments attributable to the Contractor's Fee.

§ 12.1.5 Applications for Payment shall show the Cost of the Work actually incurred by the Contractor through the end of the period covered by the Application for Payment and for which the Contractor has made or intends to make actual payment prior to the next Application for Payment.

§ 12.1.6 In accordance with AIA Document A201–2017 and subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:

§ 12.1.6.1 The amount of each progress payment shall first include:

- .1 The Cost of the Work as described in Article 7;
- .2 That portion of Construction Change Directives that the Architect determines, in the Architect's professional judgment, to be reasonably justified; and
- .3 The Contractor's Fee computed upon the Cost of the Work described in the preceding Section 12.1.6.1.1 at the rate stated in Section 5.1.1; or if the Contractor's Fee is stated as a fixed sum in Section 5.1.1, an amount which bears the same ratio to that fixed-sum Fee as the Cost of the Work included in Section 12.1.6.1.1 bears to a reasonable estimate of the probable Cost of the Work upon its completion.

§ 12.1.6.2 The amount of each progress payment shall then be reduced by:

- .1 The aggregate of any amounts previously paid by the Owner;
- .2 The amount, if any, for Work that remains uncorrected and for which the Architect has previously withheld a Certificate for Payment as provided in Article 9 of AIA Document A201–2017;
- .3 Any amount for which the Contractor does not intend to pay a Subcontractor or material supplier, unless the Work has been performed by others the Contractor intends to pay;
- .4 For Work performed or defects discovered since the last payment application, any amount for which the Architect may withhold payment, or nullify a Certificate of Payment in whole or in part, as provided in Article 9 of AIA Document A201–2017;
- .5 The shortfall, if any, indicated by the Contractor in the documentation required by Section 12.1.4 to substantiate prior Applications for Payment, or resulting from errors subsequently discovered by the Owner's auditors in such documentation; and
- .6 Retainage withheld pursuant to Section 12.1.7.

§ 12.1.7 Retainage

§ 12.1.7.1 For each progress payment made prior to Substantial Completion of the Work, the Owner may withhold the following amount, as retainage, from the payment otherwise due:

(Insert a percentage or amount to be withheld as retainage from each Application for Payment. The amount of retainage may be limited by governing law.)

« 5% »

§ 12.1.7.1.1 The following items are not subject to retainage:

(Insert any items not subject to the withholding of retainage, such as general conditions, insurance, etc.)

« »

§ 12.1.7.2 Reduction or limitation of retainage, if any, shall be as follows:

(If the retainage established in Section 12.1.7.1 is to be modified prior to Substantial Completion of the entire Work, insert provisions for such modification.)

« »

§ 12.1.7.3 Except as set forth in this Section 12.1.7.3, upon Substantial Completion of the Work, the Contractor may submit an Application for Payment that includes the retainage withheld from prior Applications for Payment pursuant to this Section 12.1.7. The Application for Payment submitted at Substantial Completion shall not include retainage as follows:

(Insert any other conditions for release of retainage, such as upon completion of the Owner's audit and reconciliation, upon Substantial Completion.)

« »

§ 12.1.8 If final completion of the Work is materially delayed through no fault of the Contractor, then the Owner shall pay the Contractor any additional amounts in accordance with Article 9 of AIA Document A201–2017.

§ 12.1.9 Except with the Owner's prior written approval, the Contractor shall not make advance payments to suppliers for materials or equipment which have not been delivered and suitably stored at the site.

§ 12.1.10 The Owner and the Contractor shall agree upon a mutually acceptable procedure for review and approval of payments to Subcontractors, and the percentage of retainage held on Subcontracts, and the Contractor shall execute subcontracts in accordance with those agreements.

§ 12.1.11 In taking action on the Contractor's Applications for Payment, the Architect shall be entitled to rely on the accuracy and completeness of the information furnished by the Contractor, and such action shall not be deemed to be a representation that (1) the Architect has made a detailed examination, audit, or arithmetic verification, of the documentation submitted in accordance with Section 12.1.4 or other supporting data; (2) that the Architect has made exhaustive or continuous on-site inspections; or (3) that the Architect has made examinations to ascertain how or for what purposes the Contractor has used amounts previously paid on account of the Contract. Such examinations, audits, and verifications, if required by the Owner, will be performed by the Owner's auditors acting in the sole interest of the Owner.

§ 12.2 Final Payment

§ 12.2.1 Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Contractor when

- .1 the Contractor has fully performed the Contract, except for the Contractor's responsibility to correct Work, as provided in Article 12 of AIA Document A201–2017, and to satisfy other requirements, if any, which extend beyond final payment;
- .2 the Contractor has submitted a final accounting for the Cost of the Work and a final Application for Payment; and

.3 a final Certificate for Payment has been issued by the Architect in accordance with Section 12.2.2.

§ 12.2.2 Within 30 days of the Owner's receipt of the Contractor's final accounting for the Cost of the Work, the Owner shall conduct an audit of the Cost of the Work or notify the Architect that it will not conduct an audit.

§ 12.2.2.1 If the Owner conducts an audit of the Cost of the Work, the Owner shall, within 10 days after completion of the audit, submit a written report based upon the auditor's findings to the Architect.

§ 12.2.2.2 Within seven days after receipt of the written report described in Section 12.2.2.1, or receipt of notice that the Owner will not conduct an audit, and provided that the other conditions of Section 12.2.1 have been met, the Architect will either issue to the Owner a final Certificate for Payment with a copy to the Contractor, or notify the Contractor and Owner in writing of the Architect's reasons for withholding a certificate as provided in Article 9 of AIA Document A201–2017. The time periods stated in this Section 12.2.2 supersede those stated in Article 9 of AIA Document A201–2017. The Architect is not responsible for verifying the accuracy of the Contractor's final accounting.

§ 12.2.2.3 If the Owner's auditors report concludes that the Cost of the Work, as substantiated by the Contractor's final accounting, is less than claimed by the Contractor, the Contractor shall be entitled to request mediation of the disputed amount without seeking an initial decision pursuant to Article 15 of AIA Document A201–2017. A request for mediation shall be made by the Contractor within 30 days after the Contractor's receipt of a copy of the Architect's final Certificate for Payment. Failure to request mediation within this 30-day period shall result in the substantiated amount reported by the Owner's auditors becoming binding on the Contractor. Pending a final resolution of the disputed amount, the Owner shall pay the Contractor the amount certified in the Architect's final Certificate for Payment.

§ 12.2.3 The Owner's final payment to the Contractor shall be made no later than 30 days after the issuance of the Architect's final Certificate for Payment, or as follows:

« »

§ 12.2.4 If, subsequent to final payment, and at the Owner's request, the Contractor incurs costs, described in Article 7 and not excluded by Article 8 to correct defective or nonconforming Work, the Owner shall reimburse the Contractor for such costs, and the Contractor's Fee applicable thereto, on the same basis as if such costs had been incurred prior to final payment.

§ 12.3 Interest

Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located.

(Insert rate of interest agreed upon, if any.)

« » % « »

ARTICLE 13 DISPUTE RESOLUTION

§ 13.1 Initial Decision Maker

The Architect will serve as Initial Decision Maker pursuant to Article 15 of AIA Document A201–2017 unless the parties appoint below another individual, not a party to the Agreement, to serve as Initial Decision Maker.

(If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the Architect.)

« »

« »

« »

« »

§ 13.2 Binding Dispute Resolution

For any Claim subject to, but not resolved by, mediation pursuant to Article 15 of AIA Document A201–2017, the method of binding dispute resolution shall be as follows:

(Check the appropriate box.)

☐ [« »] Arbitration pursuant to Section 15 of AIA Document A201–2017

☒ [« X »] Litigation in a court of competent jurisdiction

☐ [« »] Other *(Specify)*

« »

If the Owner and Contractor do not select a method of binding dispute resolution, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction. The prevailing party shall be entitled to an award of its reasonable costs, expenses, expert fees, and attorney's fees. The exclusive venue for any litigation arising from or related to this Agreement shall rest in the courts of Bay County, Florida.

ARTICLE 14 TERMINATION OR SUSPENSION

§ 14.1 Termination

§ 14.1.1 The Contract may be terminated by the Owner or the Contractor as provided in Article 14 of AIA Document A201–2017.

§ 14.1.2 Termination by the Owner for Cause

§ 14.1.2.1 If the Owner terminates the Contract for cause as provided in Article 14 of AIA Document A201–2017, the Owner shall then only pay the Contractor an amount calculated as follows:

- .1 Take the Cost of the Work incurred by the Contractor to the date of termination;
- .2 Add the Contractor's Fee computed upon the Cost of the Work to the date of termination at the rate stated in Section 5.1.1 or, if the Contractor's Fee is stated as a fixed sum in that Section, an amount that bears the same ratio to that fixed-sum Fee as the Cost of the Work at the time of termination bears to a reasonable estimate of the probable Cost of the Work upon its completion;
- .3 Subtract the aggregate of previous payments made by the Owner; and
- .4 Subtract the costs and damages incurred, or to be incurred, by the Owner under Article 14 of AIA Document A201–2017.

§ 14.1.2.2 The Owner shall also pay the Contractor fair compensation, either by purchase or rental at the election of the Owner, for any equipment owned by the Contractor that the Owner elects to retain and that is not otherwise included in the Cost of the Work under Section 14.1.2.1.1. To the extent that the Owner elects to take legal assignment of subcontracts and purchase orders (including rental agreements), the Contractor shall, as a condition of receiving the payments referred to in this Article 14, execute and deliver all such papers and take all such steps, including the legal assignment of such subcontracts and other contractual rights of the Contractor, as the Owner may require for the purpose of fully vesting in the Owner the rights and benefits of the Contractor under such subcontracts or purchase orders.

§ 14.1.3 Termination by the Owner for Convenience

If the Owner terminates the Contract for convenience in accordance with Article 14 of AIA Document A201–2017, then the Owner shall pay the Contractor a termination fee as follows:

(Insert the amount of or method for determining the fee, if any, payable to the Contractor following a termination for the Owner's convenience.)

« The same method as provided for in Section 14.1.2.1 above. »

§ 14.2 Suspension

The Work may be suspended by the Owner as provided in Article 14 of AIA Document A201–2017; in such case, the Contract Sum and Contract Time shall be increased as provided in Article 14 of AIA Document A201–2017, except that the term “profit” shall be understood to mean the Contractor’s Fee as described in Article 5 and Section 6.4 of this Agreement.

ARTICLE 15 MISCELLANEOUS PROVISIONS

§ 15.1 Where reference is made in this Agreement to a provision of AIA Document A201–2017 or another Contract Document, the reference refers to that provision as amended or supplemented by other provisions of the Contract Documents.

§ 15.2 The Owner’s representative:

(Name, address, email address and other information)

« Jonathan H. Hayes »
« City Manager »
« jhayes@panamacity.gov »
« »
« »
« »

§ 15.3 The Contractor’s representative:

(Name, address, email address and other information)

« »
« »
« »
« »
« »
« »

§ 15.4 Neither the Owner’s nor the Contractor’s representative shall be changed without ten days’ prior notice to the other party.

§ 15.5 Insurance and Bonds

§ 15.5.1 The Owner and the Contractor shall purchase and maintain insurance as set forth in AIA Document A103™–2017, Standard Form of Agreement Between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee without a Guaranteed Maximum Price, Exhibit A, Insurance and Bonds, and elsewhere in the Contract Documents.

§ 15.5.2 The Contractor shall provide bonds as set forth in AIA Document A103–2017 Exhibit A, and elsewhere in the Contract Documents.

§ 15.6 Notice in electronic format, pursuant to Article 1 of AIA Document A201–2017, may be given in accordance with AIA Document E203™–2013, Building Information Modeling and Digital Data Exhibit, if completed, or otherwise as set forth below:

(If other than in accordance with AIA Document E203–2013, insert requirements for delivering notice in electronic format such as name, title, and email address of the recipient and whether and how the system will be required to generate a read receipt for the transmission.)

« »

§ 15.7 Other provisions:

« »

ARTICLE 16

ENUMERATION OF CONTRACT DOCUMENTS

§ 16.1 This Agreement is comprised of the following documents:

- .1 AIA Document A103™–2017, Standard Form of Agreement Between Owner and Contractor
- .2 AIA Document A103™–2017, Exhibit A, Insurance and Bonds
- .3 AIA Document A201™–2017, General Conditions of the Contract for Construction
- .4

(Insert the date of the E203-2013 incorporated into this Agreement.)

« »

- .5 Drawings

Number	Title	Date

- .6 Specifications

Section	Title	Date	Pages

- .7 Addenda, if any:

Number	Date	Pages

Portions of Addenda relating to proposal requirements are not part of the Contract Documents unless the proposal requirements are also enumerated in this Article 16.

- .8 Other Exhibits:
(Check all boxes that apply.)

[« »] AIA Document E204™–2017, Sustainable Projects Exhibit, dated as indicated below:
(Insert the date of the E204-2017 incorporated into this Agreement.)

« »

[« »] The Sustainability Plan:

Title	Date	Pages

[« X »] Supplementary and other Conditions of the Contract:

Document	Title	Date	Pages

- .9 Other documents, if any, listed below:
(List here any additional documents that are intended to form part of the Contract Documents. AIA Document A201–2017 provides that the advertisement or invitation to bid, Instructions to Bidders, sample forms, the Contractor's bid or proposal, portions of Addenda relating to bidding or proposal requirements, and other information furnished by the Owner in anticipation of receiving bids or

proposals, are not part of the Contract Documents unless enumerated in this Agreement. Any such documents should be listed here only if intended to be part of the Contract Documents.)

« Exhibit A - That certain Ground Lease dated May ___, 2024 between SAMP and the City of Panama City, Florida.

Exhibit B – Certificate of Insurance (including Jones Act coverage).

»

This Agreement entered into as of the day and year first written above.

OWNER *(Signature)*

« »« »

(Printed name and title)

CONTRACTOR *(Signature)*

« »« »

(Printed name and title)