



City of Lake City

205 N. MARION AVE.
LAKE CITY, FLORIDA 32055

TELEPHONE: (386) 752-2031
FAX: (386) 752-4896

Exhibit 4

March 31, 2014

Mr. Gerald Howd
Service Manager
Champion Home Builders, inc. - Div. 261
Highway 100 East
Box 2097
Lake City, Florida 32056-2097

Re: Sublease Agreement between Champion Home Builders, Inc., and J. B.
Hunt Transport, Inc.

Dear Mr. Howd:

Please be advised that the City of Lake City ("City") has reviewed your request to sublease to J. B. Hunt Transport, Inc. ("Hunt") a portion of its airport property which is under lease to Champion Home Builders, Inc. ("Champion"), (previously Homes of Merit, Inc.) under Lease dated July 1, 1999, (the "Lease"), approved and authorized by City Council Resolution No. 1999-063, pursuant to a proposed Sublease Agreement, copy of which has been furnished to the City (the "Sublease").

The City hereby gives its consent for Champion to sublease the property to Hunt under the following conditions:

1. That the City be provided with proof of the comprehensive general liability insurance required by Section 15 of the Sublease, with the city being named an additional insured.
2. That Hunt be subject to and shall comply with all of the terms, conditions, and requirements of Champion's Lease regarding rules, regulations, and requirements relating to the use of airport property.

Mayor-Council Member
STEPHEN M. WITT

Vice-Mayor-Council Member
EUGENE JEFFERSON

Council Members
MELINDA MOSES
ZACK PAULK
GEORGE WARD

City Attorney
HERBERT F. DARBY

City Manager
WENDELL JOHNSON

City Clerk
AUDREY E. SIKES

3. That the City's consent to the Sublease does not in any way change, modify, or amend any of the terms and conditions of Champion's Lease or release Champion from any of its obligations under its Lease.

This consent is conditions upon your acknowledging receipt of a copy of this consent letter and agreeing to the terms and conditions thereof.

Very truly yours,



Grayson Cason
Assistant City Manager

GC/lss

cc: Mr. Wendell Johnson
Mayor and Councilmembers
Ms. Donna R. Duncan
Mr. Nick Harwell

ACKNOWLEDGMENT

Champion Home Builders, Inc., hereby acknowledges receipt of a copy of this consent letter and agrees to the terms and conditions contained herein.

Dated this 3rd day of April, 2014.

CHAMPION HOME BUILDERS, INC.

By: 
Name: Laura A. Waelbroeck
Title: Controller

RESOLUTION NO. 99-063

**A RESOLUTION OF THE CITY OF LAKE CITY, FLORIDA, APPROVING
AND AUTHORIZING THE EXECUTION OF A LEASE OF PROPERTY AT
THE LAKE CITY MUNICIPAL AIRPORT TO HOMES OF MERIT, INC.**

WHEREAS, To induce, encourage, and promote commercial, manufacturing, and industrial development within Columbia County ("County") and create employment for its citizens, the City of Lake City ("City") has established an industrial park subdivision located upon the Lake City Municipal Airport (the "Airport"); and

WHEREAS, Homes of Merit, Inc. ("Merit") desires to lease from City additional lands at the Airport in order to expand its mobile home manufacturing facilities in Lake City, Columbia County, Florida, pursuant to and in accordance with terms and conditions of Lease Agreement, copy of which is attached hereto and made a part of this resolution (the "Lease"); and

WHEREAS, the City finds and has determined that it is in the public interest to enter into the Lease.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
OF LAKE CITY, FLORIDA, as follows:**

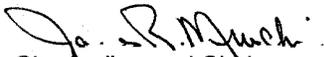
Section 1. The Lease is hereby approved and the Mayor and City Auditor and Clerk are authorized to execute the Lease for and on behalf of the City.

PASSED AND ADOPTED at a meeting of the City Council this 27th day of

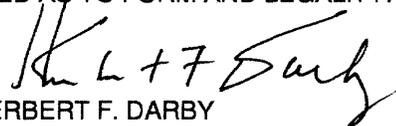
June, 1999.


Mayor-Councilman

ATTEST:


City Auditor and Clerk

APPROVED AS TO FORM AND LEGALITY:

By: 
HERBERT F. DARBY
City Attorney

HFD/lss
5/20/99
6/21/99 (Revised)

**LEASE AGREEMENT
BETWEEN THE CITY OF LAKE CITY, FLORIDA,
AND HOMES OF MERIT, INC.**

THIS LEASE AGREEMENT made and entered into at Lake City, Columbia County, Florida, on July 1, 1999, by and between the CITY OF LAKE CITY, FLORIDA, a municipal corporation, (herein the "Lessor" and sometimes herein referred to as "City"), and HOMES OF MERIT, INC., a Florida corporation, (herein the "Lessee" and sometimes herein referred to as "Merit").

WITNESSETH:

RECITALS

A. By instruments of transfer ("the Instruments of Transfer") dated August 29, 1949, and July 7, 1948, said instruments being recorded in Deed Book 59, Page 109, and Deed Book 60, Page 29, public records of Columbia County, Florida, Lessor (herein sometimes also referred to as the "City") acquired from the United States of America certain property, real and personal, therein described, which is now known as the Lake City Municipal Airport (and sometimes herein referred to as the "Airport"); and

B. Pursuant to a master plan developed for the future use of the Airport, a portion of the Airport land has been designated for the development of commercial use and activities, the use of which would not interfere with or be incompatible with the aviatational operation of the Airport; and

C. Merit presently owns and operates a business located upon portions of the Airport property and desires to lease from City additional Airport land to expand its mobile home manufacturing facilities and sales of mobile homes in the Lake City, Columbia County area; and

D. City is willing to lease to Merit the additional lands at the Airport which are more particularly described in Exhibit "A" attached hereto and referred to as the "Leased Premises", upon and in accordance with the terms and conditions provided for in this lease agreement; and

E. To induce City ("Merit's Inducement") to grant merit this lease, Merit agrees to and shall build and construct upon the Leased Premises, at its cost and expense, certain permanent improvements more particularly described in Exhibit "B" attached hereto and made a part of this lease agreement; and

F. Without Merit's Inducement City would not enter into this lease agreement; and

G. The lease of the Leased Premises to Merit will create additional employment opportunities and inure to the economic benefit of the City and its citizens.

NOW, THEREFORE, in consideration of the foregoing premises, and the sum of ONE AND NO/100 (\$1.00) DOLLAR, and other valuable considerations, to each this day in hand paid by the other party hereto, and in consideration of the covenants herein set forth, Lessor and Lessee agree as follows:

1. **RECITALS.** The foregoing recitals are true and correct and are hereby incorporated into this agreement.

2. **LEASED PREMISES.** Upon terms and conditions hereinafter set forth, and in consideration of the payment of the rents and other payments herein provided for, and the prompt performance by Merit of the covenants and agreements, to be kept and performed by Merit, the City does lease, let, and demise to Merit, and Merit hereby leases

from City the Airport property now owned by City and described in Exhibit "A" attached hereto and by this reference made a part hereof (the "Leased Premises").

3. **TERM OF LEASE.** This lease shall be for an initial term of five (5) years, commencing July 1, 1999, and ending at twelve o'clock midnight, June 30, 2004, inclusive, unless terminated sooner as provided below (the "Primary Term").

4. **OPTION TO RENEW.** While not in default, Merit shall have the option to renew this lease for the following four (4) successive renewal terms of five years each:

- (a) The first renewal term shall commence July 1, 2004, and shall end at twelve o'clock midnight, June 30, 2009 (the "First Renewal Term");
- (b) The second renewal term shall commence July 1, 2009, and shall end at twelve o'clock midnight, June 30, 2014 (the "Second Renewal Term");
- (c) The third renewal term shall commence July 1, 2014, and shall end at twelve o'clock midnight, June 30, 2019 (the "Third Renewal Term");
- (d) The fourth and final renewal term shall commence July 1, 2019, and shall end at twelve o'clock midnight, June 30, 2024 (the "Fourth and Final Renewal Term").

Each of the renewal terms shall be upon the same terms, covenants, and conditions hereof except (i) there shall be no further renewal rights after the expiration of the Fourth and Final Renewal Term, and (ii) the monthly rent shall be as provided for herein below.

Merit may, at any time or times, exercise the renewal options in any single instance with respect to one or more of said renewal terms in consecutive order. Each exercise by

Merit shall be evidenced and effected by Merit giving to City, not less than ninety (90) days prior to the expiration of the then current term, a written notice of Merit's election to renew this lease for the renewal term or terms specified in the notice.

5. **RENT FOR THE PRIMARY AND RENEWAL TERMS.** The rent for the Primary Term and each Renewal Term of this lease shall be as follows:

- (a) The rent for the Primary Term shall be TWENTY SEVEN THOUSAND DOLLARS (\$27,000.00), which shall be payable in sixty (60) consecutive monthly payments of FOUR HUNDRED FIFTY AND NO/100 DOLLARS (\$450.00) each, payable on the first day of each month, commencing July 1, 1999, (herein the "Primary Term Rent").
- (b) In the event Merit exercises its option to renew the First Renewal Term of this lease, the rent for the First Renewal Term of this lease (herein the "First Renewal Term Rent"), if applicable, shall be an amount equal to the Primary Term Rent increased by the percent change in the Consumer Price Index for all Urban Consumers, U.S. City Average, All Items (1967 = 100), or successor reports (herein the "Consumer Price Index") during the Primary Term (from July 1, 1999, to June 30, 2004). The First Renewal Term Rent shall be payable in sixty (60) equal consecutive monthly payments on the first day of each month, commencing July 1, 2004.
- (c) In the event Merit exercises its option, if applicable, to renew the Second Renewal Term of this lease, the rent for the Second Renewal Term of this

lease (herein the "Second Renewal Term Rent"), shall be an amount equal to the rent for the immediate preceding renewal term increased by the percent change in the Consumer Price Index during the preceding renewal term (from July 1, 2004 to June 30, 2009). The Second Renewal Term Rent shall be paid in sixty (60) equal consecutive monthly payments on the first day of each month, commencing July 1, 2009.

- (d) In the event Merit exercises its option, if applicable, to renew the Third Renewal Term of this lease, the rent for the Third Renewal Term of this lease (herein the "Third Renewal Term Rent"), shall be an amount equal to the rent for the immediate preceding renewal term increased by the percent change in the Consumer Price Index during the preceding renewal term (from July 1, 2009 to June 30, 2014). The Third Renewal Term Rent shall be paid in sixty (60) equal consecutive monthly payments on the first day of each month, commencing July 1, 2014.
- (e) In the event Merit exercises its option, if applicable, to renew the Fourth and Final Renewal Term of this lease, the rent for the Fourth and Final Renewal Term of this lease (herein the "Fourth and Final Renewal Term Rent"), shall be an amount equal to the rent for the immediate preceding renewal term increased by the percent change in the Consumer Price Index during the preceding renewal term (from July 1, 2014, to June 30, 2019). The Fourth and Final Renewal Term Rent shall be paid in sixty (60) equal consecutive

monthly payments on the first day of each month, commencing July 1, 2019.

- (f) In the event the rents provided for in this lease (or any other payments required to be made by Merit hereunder), shall be or become subject to Florida income, sales, use or rent taxes, Merit shall pay all of such taxes. Florida sales tax on the rent (presently seven (7%) percent) shall be paid with each installment of rent.

6. **TAXES.** Merit shall, throughout the term of this Lease and all extensions thereto, pay all real estate and personal property taxes and special or general assessments and all other lawful assessments which may be made against the Leased Premises and Leasehold Improvements by any governmental authority and shall save City harmless against liability for any payment thereof. Insofar as the laws of the State of Florida shall permit, City, as owner of the Leased Premises, will not attempt to assess or collect any taxes on the Leased Premises. Merit shall annually furnish City proof that all taxes and special assessments have been paid.

7. **UTILITIES.** Merit shall fully and promptly pay for all water, wastewater charges, gas, heat, light, power, telephone services, garbage and trash services, and other public services and utilities of every kind furnished to the Leased Premises, or required by law to be furnished, throughout the Primary Term hereof and all renewal terms, and all other costs and expenses of every kind whatsoever of or in connection with the use, operation, and maintenance of the Leased Premises and all activities conducted thereon, and City shall have no responsibility of any kind for any thereof.

8. **CONSTRUCTION OF LEASEHOLD IMPROVEMENTS.** In accordance with Merit's Inducement, Merit agrees to and shall construct the permanent improvements identified in Exhibit "B" upon the Leased Premises, which shall be constructed in accordance with all applicable building codes and plans and specifications filed with and approved by the Lake City Building and Planning Department.

9. **CLEARING OF LAND AND SITE PREPARATION:** The Leased Premises presently has growing upon it standing pine timber. City agrees to and shall cut and remove, at its cost and expense, all of the timber located upon the Leased Premises and shall remove all of the remaining stumps and clear the land of any and all brush, growth, or debris. Merit shall, at its cost and expense, pay for all site preparation with respect to its intended use and construction of improvements.

10. **QUIET ENJOYMENT.** So long as Merit keeps and performs all of its covenants and conditions under this lease, it shall have quiet, undisturbed, and continued possession of the Leased Premises, free from all claims against the City and all persons claiming under, by, or through the City.

11. **CITY'S RIGHT TO INSPECT LEASED PREMISES.** Merit agrees to permit City, its servants or agents to enter the Leased Premises at any reasonable hour for the purpose of examining the same in order to determine whether the Leased Premises are being kept in good repair and conditions, and whether the same are being kept, used and maintained in accordance with the provisions and terms of this lease.

12. **MECHANIC'S LIENS.** Merit shall not subject the City's interest in the

Leased Premises to any mechanic's or materialman's liens or other lien of any kind, except to the extent that the creation of such lien or liens is specifically authorized by a provision in this lease. Merit shall not allow a lien or claim of any kind to be filed or claimed against the City's interest in the Leased Premises during the continuance of this lease. If such lien is claimed or filed, Merit shall cause the Leased Premises to be released from the claim within thirty (30) days after City is given written notice that a claim has been filed, or within thirty (30) days after City is given written notice of the claim and transmits written notice of its receipt to Merit, whichever thirty-day (30) day period expires earlier. Merit shall cause such release, either by paying the amount necessary to relieve and release the Leased Premises from the claim, or in any other manner which, as a matter of law, will result within the thirty-day (30) period, in releasing City and its title from the claim.

13. **GOVERNING LAW** All of the rights and remedies of the parties to this lease shall be governed by the provisions of this instrument and by the laws of the State of Florida.

14. **COMPLIANCE WITH LAWS.** Merit shall, during the Primary Term and all renewal terms, abide by and comply with all present and future federal, state, county, and city laws, rules, and regulations and the laws and regulations of all governmental regulatory agencies which now or may hereafter exist concerning the use of the Leased Premises, and will permit no violation of any of such laws and regulations.

15. **CUMULATIVE REMEDIES.** During the continuance of this lease, City

shall have all rights and remedies which this lease and the laws of the State of Florida assure to it. All rights and remedies accruing to City shall be cumulative; that is, City may pursue all rights that the law and this lease afford to it, in whatever order City desires and the law permits without being compelled to resort to any one remedy in advance of the other.

16. **INDEMNIFICATION AND HOLD HARMLESS.** During the entire term of this lease (which shall include the Primary Term and all renewal terms), Merit will indemnify and hold harmless City against any and all claims, debts, demands, or obligations which may be made against City or against its title in the Leased Premises, arising out of, or in connection with, any alleged act or omission of Merit or any person claiming under, by, or through Merit, arising in or on the Leased Premises or in connection with the use thereof. If it becomes necessary for City to defend any action seeking to impose any liability, Merit will pay City all costs of court and reasonable attorney fees incurred by City in effecting such defense in addition to all other sums that City may be called upon to pay by reason of the entry of a judgment against it in the litigation in which such claim is asserted.

17. **LIABILITY INSURANCE.** Upon the commencement of this lease, Merit shall cause to be written a policy or policies of insurance by a company or companies licensed and authorized to do business in the State of Florida in the form generally known as public liability policies. The policies shall insure Merit against all claims and demands made by any person or persons for injuries received in connection with the operation and

maintenance of the Leased Premises and Leasehold Improvements located on the Leased Premises and for any other risk insured against by such policies. Each class of policies shall be written with limits of not less than \$1,000,000.00 for damages incurred or claimed by any one person for bodily injury, or otherwise, plus \$100,000.00 for damages to property and for not less than \$3,000,000.00 for damages incurred or claimed by more than one person for bodily injury, or otherwise. All such policies shall name Merit and City, as their respective interest may appear, as the insured persons. Merit shall promptly deliver the original or a duplicate original of each policy or policies to City as they are written, together with adequate evidence of the fact that the premiums are paid.

18. **CASUALTY INSURANCE.** From and after the commencement of this lease, Merit will keep insured any and all buildings and permanent improvements upon the Leased Premises against all loss or damage by fire and windstorm, together with "extended coverage". The amount of insurance shall, at all times, be sufficient to prevent any party in interest from being or becoming a co-insurer on any part of the risk, and shall not be less than the full insurable value of the improvements. All of the insurance policies shall include City as one of the insured parties and shall fully protect both City and Merit, as their respective interest may appear. All insurance received by City and Merit for the destruction or damage of buildings or improvements by fire, windstorm, or other casualty shall be made available to Merit for the construction or repair, as the case may be, of any building or buildings or improvements damaged or destroyed by fire, windstorm, or other casualty for which insurance is payable.

19. **MERIT'S RIGHT TO ALTER BUILDINGS.** Merit shall have the right, at its expense, with the written consent of City, which consent shall not be unreasonably withheld, to make additions and alterations to the buildings on the Leased Premises, provided, however, no alterations or additions shall be made which will impair the structural soundness of said buildings, or violate any applicable regulation of the Federal Aviation Agency.

20. **MERIT'S RIGHT TO CONDUCT BUSINESS.** Merit shall have the right to conduct any lawful business on the Leased Premises at any time during the lease period, but Merit binds itself to conduct the same in a manner consistent with the laws of Florida and of the United States.

21. **MERIT'S RIGHT TO REMOVE PERSONAL PROPERTY.** It is mutually covenanted and agreed that machinery, fixtures and all personal property brought upon said Leased Premises by Merit may be removed by Merit at the termination of this lease, even though the same may be attached to said Leased Premises so as to be regarded in law as part of said Leased Premises; provided Merit shall not then be in default in the performance of the covenants hereof; that no such property shall be removed, if such removal would permanently injure or dismantle a building; and provided further, that if the removal of any such property shall be effected before the expiration of said term, all damage caused to said Leased Premises by such removal shall be repaired by Merit on or before the expiration of said term.

22. **MERIT'S RIGHT TO SUBLET LEASED PREMISES.** Merit, with the

written consent of City, which consent shall not be unreasonably withheld, shall have the right at any time to sublet the Leased Premises, or any part thereof, or assign this lease, but no such subletting or assignment shall relieve Merit of any of its obligations hereunder, and any assignee of this lease, shall expressly assume, and by reason of such assignment shall be considered as having assumed and become bound by all of Merit's obligations hereunder. Any assignee shall take the lease and the assignment subject to all prior breaches of Merit's covenants herein and shall be liable therefor in the same manner as Merit or prior assignee was responsible therefor.

23. **MERIT'S RIGHT TO REPAIR OR RESTORE BUILDINGS.** In the event any of the buildings upon the Leased Premises shall become damaged or destroyed at any time during the term of this lease, it shall be the duty and responsibility of Merit at its sole expenses (as provided in Paragraph 18 hereof City has agreed that Merit may use all insurance proceeds for this purpose), to replace or restore such damaged building or buildings to the condition the same were in prior to being damaged and to do so within a reasonable time. Specifically, neither the rent nor the Leasehold Improvements Purchase Payments shall abate during the time any of the buildings on the Leased Premises may be so damaged or destroyed.

24. **ATTORNEYS' FEES AND COSTS.** Should either party after default of the other file suit to enforce any provision of this instrument, then the prevailing party shall be entitled to collect from the other party its reasonable attorney's fees and court costs.

25. **ADDITIONAL IMPROVEMENTS.** Any building or buildings or other

improvements placed or constructed upon the Leased Premises at the expense of Merit, shall become the property of City and, Merit shall have no right to remove or demolish any of such buildings or improvements without the consent of City which consent shall not be unreasonably withheld.

26. **USE OF PREMISES.** The premises are located at Lake City Airport (the "Airport") and, therefore, Merit's use of the premises and its rights hereunder shall be subject to the following provisions:

- (a) This Lease shall be subject to the terms, conditions and provisions of the Instruments of Transfer and all restrictions of record affecting the Airport and the use thereof, all federal and state laws and regulations affecting the same, and shall be subject and subordinate to the provisions of any existing agreement between the City and the United States of America or the State of Florida, their boards, agencies or commissions, and to any future agreements between the foregoing relative to the operation or maintenance of the Airport, the execution of which may be required as a condition precedent to the expenditure of federal or state funds for the development of the Airport, or as a condition precedent to the use of the Airport, or any part thereof, by the City or otherwise. All provisions hereof shall be subordinate to the right of the United States of America to terminate the right of the City to occupy or use the Airport, or any part thereof, during the time

of war or national emergency.

- (b) Merit for itself, its successors in interest and assigns, does hereby covenant and agree, as a covenant running with the land, that (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the premises, (2) that in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that Merit shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, nondiscrimination in federally-assisted programs of the Department of Transportation, as said Regulations may be amended. A breach of this covenant shall constitute an Event of Default hereunder, provided that no such Event of Default shall be deemed to have occurred until the procedures of Title 49, Code of Federal Regulations, are followed and completed, including the exercise or expiration of appeal rights.
- (c) The City reserves the right to further develop or improve all areas of

the Airport as it sees fit, other than the Leased Premises, without any interference or hindrance from Merit.

- (d) The City reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from, or operating on the Airport.
- (e) Merit expressly agrees, for itself and its successors and assigns, to restrict the height of structures, objects of natural growth and other obstructions on the premises to such a height so as to comply with Federal Aviation Regulations, Part 77.
- (f) Merit expressly agrees, for itself and its successors and assigns, to prevent any use of the premises which would interfere with or adversely affect the operation or maintenance of the Airport, or otherwise constitute an airport hazard.
- (g) The parties acknowledge that this Lease is subject to the approval of the Federal Aviation Administration. The City agrees to use its best efforts to obtain such approval. In the event the Federal Aviation Administration shall require any modifications in this Lease as a

condition precedent to the granting of such approval, and if Merit without cause shall fail to consent to such modifications, then the term of this Lease shall terminate and said prior lease shall be reinstated.

27. **ENVIRONMENTAL MATTERS.** Merit acknowledges that certain federal, state and local laws, regulations and guidelines are now in effect, and that additional laws, regulations and guidelines may hereafter be enacted, relating to or affecting the Leased Premises concerning the impact on the environment, land use, the maintenance and operation of buildings and improvements and the conduct of business. Merit will not cause, or permit to be caused, during the term of the Lease any act or practice, by negligence, omission, or otherwise, that would violate any of said laws, regulations or guidelines. Merit shall indemnify, defend, and hold City harmless from and against any and all claims, demands, suits, losses, damages, assessments, fines, penalties, costs, or other expenses (including reasonable attorneys' fees and court costs) arising from actual damage to the environment, agency costs of investigation, penalties and fines imposed by any governmental agency, personal injury or death, or damage to the Leased Premises during the term of this Lease due to a release of Hazardous Wastes on or under the Leased Premises and surrounding lands caused by Merit during the Primary Term or any renewal term of this lease resulting from Hazardous Wastes. Merit does not, however, indemnify and hold City harmless from any such claims as enumerated in the preceding sentence caused by others including, but not limited to, the U.S. Military or any other Governmental entity, City or any of its other past or present tenants, guests, or invitees, using the airport facilities and its surrounding lands of which the Leased

Premises is a part.

"Hazardous Wastes" are as defined in the Resources Conservation and Recovery Act ("RCRA") 42 U.S.C. Section 6901-6991 or the Comprehensive Environmental Response Compensation or Liability Act ("CERCLA"), 42 U.S.C. Section 9601-9756 as amended by Superfund Amendments and Reauthorization Act of 1986 ("SARA"), including all amendments thereto.

28. **MAINTENANCE AND REPAIRS.** Throughout the Primary Term and all renewal terms of this lease, Merit, at its expense, shall promptly make all necessary repairs and replacements to the buildings and all other Leasehold Improvements, whether interior or exterior, ordinary or extraordinary, or structural or nonstructural, as and when necessary. Such obligation shall extend to repairs and replacements to pipes, heating and plumbing systems, window glass, fixtures, and all other appliances and their appurtenances, as well as to all equipment used in connection with the Leased Premises, and to the sidewalks, curbs, and parking lot. The quality and class of all repairs and replacements shall be at least equal to that of the original work.

29. **PERFORMANCE AFTER DEFAULT.** The continued performance by City under this lease for any period after a default by Merit shall not be deemed a waiver of any right on the part of City to terminate this lease for such default. No waiver for City of any default by Merit shall be construed to be or act as a waiver by City of any subsequent default.

30. **CITY'S ADDITIONAL RIGHT TO TERMINATE.** In addition to the rights of City to terminate this lease otherwise permitted herein, or by the laws of the State of Florida, City

shall also have the right to terminate this lease on the happening of any one or more of the following defaults or contingencies:

- (a) In the event Merit shall be adjudged a bankrupt whether upon a voluntary or involuntary petition, and the same has not been set aside after 30 days; or
- (b) In the event any receiver or other custodian should be appointed for Merit by any court of competent jurisdiction, after a hearing, brought by or against Merit, and the same has not been set aside after 30 days; or
- (c) In the event of default on the part of Merit in the keeping of the performance of any or all of its covenants and agreements herein contained; or
- (d) In the event of default in the payment of the rent, taxes, insurance premiums, or in making any other payments as herein provided; or
- (e) In the event of any default by Merit in any of the terms and conditions of any of the other existing leases given by City to Merit on other parcels of Airport land, including any default in the payment of the rents or payments of other monies under the terms of such other existing leases.

Upon the occurrence of any default by Merit, and unless as otherwise provided for herein, City at any time thereafter may give written notice to Merit specifying such default and stating that this lease shall terminate on the date specified in such notice, which shall be at least twenty (20) days after the giving of such notice, and upon the date specified in such

notice this lease and all rights of Merit hereunder shall terminate unless such default is cured by Merit on or prior to the date specified in such notice. Provided however, that in the event the default is one that cannot be cured within twenty (20) days because of the character thereof, Merit shall not be in default so long as Merit commences to cure such default within the same 20-day period and thereafter proceeds diligently to cure such default. Upon the termination of this lease pursuant to the provisions hereof, Merit shall peacefully surrender the Leased Premises to City, and City, upon or at any time after any such termination, may without further notice re-enter the Leased Premises and repossess it by force, summary proceedings, ejectment, or otherwise, and may dispossess Merit and remove Merit and all other persons from the Leased Premises. No such termination of this lease shall relieve Merit of its liability and obligations under this lease, and such liability and obligations shall survive such termination. The rights and remedies of the holder of this lease are cumulative and in addition to those provided by law.

31. **NOTICES.** All notices and communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by regular mail, postage pre-paid, and if intended for the City addressed as follows:

City Manager
City of Lake City, Florida
Post Office Box 1687
Lake City, Florida 32056-1687

with a copy to:

Mayor
City of Lake City, Florida
Post Office Box 1687
Lake City, Florida 32056-1687

and if intended for Merit addressed as follows:

Mr. Charles E. Weeder
President
Homes of Merit, Inc.
Post Office Box 1606
Bartow, Florida 33831

with a copy to:

Mr. Gary Towns
Vice President
Homes of Merit, Inc.
Post Office Box 2097
Lake City, Florida 32056-2097.

32. **BINDING EFFECT.** This lease and all provisions herein shall be binding upon the parties hereto, their successors and assigns.

33. **TIME OF THE ESSENCE.** It is understood and agreed by and between the parties hereto that time is of the essence of this lease agreement and applies to all terms, covenants, and conditions contained herein.

34. **HEADINGS.** The headings or catch lines of paragraphs in this lease agreement are inserted only as a matter of convenience and for reference. They, in no way, define, limit, or describe the scope of this lease or of its intent of any provisions hereof.

35. **SEVERABILITY.** If any term or provision of this lease is to any extent invalid or unenforceable, the remainder of this lease shall not be affected thereby and the remaining

terms and provisions shall be valid and enforceable to the fullest extent either hereunder or as permitted by law.

36. **COUNTERPARTS.** This lease agreement shall be executed in two or more counterparts, each of which shall be deemed an original.

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

Signed, sealed and delivered in the presence of:

CITY OF LAKE CITY, FLORIDA

Jamit R. Wright
Witness
Jamit R. Wright
(type/print name)
Kathy P. Sealey
Witness
Kathy P. Sealey
(type/print name)
Witnesses as to City

By: *[Signature]*
W. R. KIRKLAND
Mayor

ATTEST: *[Signature]*
JAMES R. MINCHIN
City Auditor and Clerk

"CITY"
(SEAL)

APPROVED AS TO FORM AND LEGALITY:
By: *[Signature]*
HERBERT F. DARBY
City Attorney

Signed, sealed and delivered
in the presence of:

HOMES OF MERIT, INC.

Rob Mobley
Witness

Rob Mobley
(type/print name)

LeAnn Klinger
Witness

LeAnn Klinger
(type/print name)

Witnesses as to Merit

By: *Gary C. Towns*
Print Name: Gary C. Towns
Title: Vice President/General Manager

"MERIT"

STATE OF FLORIDA

COUNTY OF COLUMBIA

The foregoing instrument was acknowledged before me this *24* day of *June*, 1999, by W. R. KIRKLAND and JAMES R. MINCHIN, as Mayor and City Auditor and Clerk respectively, for and on behalf of the CITY OF LAKE CITY, FLORIDA, who are personally known to me.

Janet R. Wright
Notary Public, State of Florida

(NOTARIAL SEAL)

My Commission Expires:



STATE OF FLORIDA

COUNTY OF *Columbia*

The foregoing instrument was acknowledged before me this *24th* day of *June*, 1999, by Gary C. Towns, as Vice President/Gen. Mgr and on behalf of HOMES OF MERIT, INC., a Florida corporation, who is personally known to me.

Marion Kohn
Notary Public, State of Florida

(NOTARIAL SEAL)

My Commission Expires:

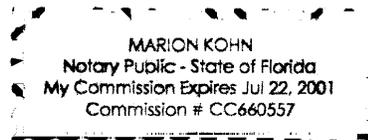


EXHIBIT "A"

LEGAL DESCRIPTION OF "LEASED PREMISES"

COMMENCE at the Southeast corner of the Northeast 1/4 of the Southeast 1/4 of Section 2, Township 4 South, Range 17 East, Columbia County, Florida, and run N 88°50'25" E, along the South line of said Northeast 1/4 of the Southeast 1/4 a distance of 565.35 feet to a point on the centerline of State Road No. 100; thence N 51°13'25" W, along said centerline 472.00 feet; thence N 38°46'35" E, 60.00 feet to a point on the Northeasterly right-of-way line of said State Road No. 100; thence continue N 38°46'35" E, 100.00 feet to the Southeast corner of a parcel of land currently occupied by the Homes of Merit manufacturing plant and the POINT OF BEGINNING; thence continue N 38°46'35" E, along the Easterly line of said parcel of land 760.00 feet to the Northeast corner of said parcel of land; thence S 51°13'25" E, along the Easterly extension of the Northerly line of said parcel of land 171.95 feet; thence S 38°46'35" W, parallel to the Easterly line of said parcel of land occupied by Homes of Merit 760.00 feet to a point on the Easterly extension of the Southerly line of said parcel of land; thence N 51°13'25" W, along said Easterly extension 171.95 feet to the POINT OF BEGINNING. Containing 3.00 acres, more or less.

EXHIBIT "B"

DESCRIPTION OF PERMANENT IMPROVEMENTS

A Metal building 200 feet long and 100 feet wide to be constructed in accordance with the City building code.
