

RESOLUTION NO 2024 – 055
CITY OF LAKE CITY, FLORIDA

A RESOLUTION OF THE CITY OF LAKE CITY, FLORIDA APPROVING THAT CERTAIN AMENDMENT TO THE LEASE AGREEMENT WITH CHAMPION HOME BUILDERS, INC, A DELAWARE CORPORATION, AS SUCCESSOR IN INTEREST TO HOMES OF MERIT, INC., A FLORIDA CORPORATION, TO EXTEND THE LEASE FOR ONE (1) YEAR; MAKING CERTAIN FINDINGS OF FACT IN SUPPORT OF THE CITY APPROVING SAID AMENDMENT; RECOGNIZING THE AUTHORITY OF THE MAYOR TO EXECUTE AND BIND THE CITY TO SAID AMENDMENT; DIRECTING THE MAYOR TO EXECUTE AND BIND THE CITY TO SAID AMENDMENT; REPEALING ALL PRIOR RESOLUTIONS IN CONFLICT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Lake City (“City”) and Champion Home Builders, Inc., a Delaware corporation, as successor in interest to Homes of Merit, Inc., a Florida corporation (the “Tenant”) are parties to that certain Lease Agreement dated July 1, 1999 (the “Original Agreement”); and

WHEREAS, the Original Agreement has expired; and

WHEREAS; the City and the Tenant mutually agree to amend the terms of the Original Agreement to extend its duration for an additional one-year period (the “Amendment”); and

WHEREAS, the extension of the lease will provide both parties with additional time to finalize the details of a new lease agreement; and

WHEREAS, the Tenant will incur a rental rate increase of 22.80% for the duration of one (1) year; and

WHEREAS, approving the Amendment to the Original Agreement is in the public interest and in the interests of the City; now therefore

BE IT RESOLVED by the City Council of the City of Lake City, Florida:

1. Approving the Amendment to the Original Agreement extending the lease for one (1) year is in the public or community interest and for public welfare; and
2. In furtherance thereof, the Amendment in the form of the Exhibit attached hereto should be and is approved by the City Council of the City of Lake City; and

3. The Mayor of the City of Lake City is the officer of the City duly designated by the City's Code of Ordinances to enforce such rules and regulations as are adopted by the City Council of the City of Lake City; and
4. The Mayor of the City of Lake City is authorized and directed to execute on behalf of and bind the City to the terms of the Agreement; and
5. All prior resolutions of the City Council of the City of Lake City in conflict with this resolution are hereby repealed to the extent of such conflict; and
6. This resolution shall become effective and enforceable upon final passage by the City Council of the City of Lake City.

APPROVED AND ADOPTED, by an affirmative vote of a majority of a quorum present of the City Council of the City of Lake City, Florida, at a regular meeting, this ____ day of September, 2024.

BY THE MAYOR OF THE CITY OF LAKE CITY,
FLORIDA

Stephen M. Witt, Mayor

ATTEST, BY THE CLERK OF THE CITY COUNCIL
OF THE CITY OF LAKE CITY, FLORIDA:

Audrey Sikes, City Clerk

APPROVED AS TO FORM AND LEGALITY:

Clay Martin, City Attorney

LEASE EXTENSION AGREEMENT

THIS LEASE EXTENSION AGREEMENT, dated as of September ____, 2024 (the "Effective Date"), by and between the City of Lake City, Florida, a Florida municipality, as Lessor/Landlord ("Landlord"), and Champion Home Builders, Inc., a Delaware corporation, as successor-in-interest to Homes of Merit, Inc., a Florida corporation, as Lessee/Tenant ("Tenant").

RECITALS

WHEREAS, Landlord and Tenant entered into that certain Lease Agreement dated July 1, 1999 (the "Lease") wherein Landlord leased to Tenant certain Premises as further defined in the Lease.

WHEREAS, on November 15, 2009, Homes of Merit, Inc. and associated Debtors filed a Voluntary Petition for Chapter 11 Bankruptcy in the United State District Court for the District of Delaware, *In re: Champion Enterprises, Inc., et. al.*, Case No. 09-14019 (KG);

WHEREAS, on March 2, 2010, the bankruptcy court entered an Order Authorizing and Approving (A) The Sale of Substantially all Assets of the Debtors and (B) the Assumption and Assignment of Certain Contracts and Leases to Champion Enterprise Holdings, LLC, as Purchaser;

WHEREAS, Champion Enterprise Holdings, LLC, formed subsidiary Champion Home Builders, Inc. a Delaware corporation, on January 21, 2010 and subsequently transferred substantially all of the Debtors' assets and assigned all those certain contracts to Champion Home Builders, Inc., including the Lease.

WHEREAS, the Parties now wish to extend the Lease pursuant to the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the foregoing and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, Landlord and Tenant agree as follows:

1. **Incorporation of Recitals.** The foregoing recitals are incorporated herein as material terms of this Agreement and representations of the party to which such representation is attributed or to which such representation applies as if otherwise fully set forth herein.
2. **Term of Lease and Options to Renew.** Section 4 of the Original Lease shall be amended in the following form to read as follows:
 4. **OPTION TO RENEW.** While not in default, Merit shall have the option to renew this lease for the following five (5) ~~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");

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- (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"); and
- (e) The fifth and final renewal term shall commence July 1, 2024, and shall end at 12 o'clock midnight, June 30, 2025 (the "Fifth 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~~ Fifth 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.

3. **Calculation of Rent Due.** Section 5 of the Original Lease shall be amended in the following form to read as follows:

- 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 = 1 00), 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 Merit exercises its option, if applicable, to renew the Fifth and Final Renewal Term of this lease, the rent for the Fifth and Final Renewal Term of this lease (herein the "Fifth 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, 2019, to June 30, 2024). The Fifth and Final

Renewal Term Rent shall be paid in twelve (12) equal consecutive monthly payments on the first day of each month, commencing July 1, 2024.

(g) 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.

IN WITNESS WHEREOF, the parties hereto have caused to be duly authorized, executed and delivered, as of the date first above written, this LEASE EXTENSION AGREEMENT.

Landlord:

Tenant:

City of Lake City, Florida,
a Florida municipality

Champion Home Builders, Inc.
a Delaware corporation

EXHIBIT-NOT FOR EXECUTION

EXHIBIT-NOT FOR EXECUTION

Stephen M. Witt, Mayor

Laurie Hough, Chief Financial Officer

**EXHIBIT TO
RESOLUTION**

**NOT FOR
EXECUTION**