

**GROUND LEASE AGREEMENT**

**THIS INSTRUMENT**, made and entered into the 26 day of July, 2010, by and between the **CITY OF LEESBURG**, a Florida Municipal corporation, hereinafter called the Lessor, and **PHILLIPS SALES, INC., d/b/a Phillips Toyota**, hereinafter called the Lessee,

**WITNESSETH:**

Lessor owns the Leesburg International Airport. Lessee desires to rent space on land owned by Lessor near the Airport for the purposes expressed below, and Lessor has consented to lease space to Lessee under the terms and conditions of this document.

**NOW THEREFORE**, for and in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

1. **PROPERTY AND TERM.** The property which shall be subject to this Lease is specifically described and depicted on Exhibit "A" attached hereto. The term of this Lease shall commence on <sup>CMW</sup> ~~July~~ <sup>August</sup> 1, 2010, and unless earlier terminated as provided below, will end at midnight on the last day of <sup>CMW</sup> ~~June~~ <sup>July</sup>, 2011. If Lessee remains in possession following the termination date of this Lease, it shall not constitute or imply a renewal of the term of this Lease, instead Lessee shall be deemed a holdover tenant on a month to month basis, subject to all terms, conditions and covenants of this Lease other than those specifying the length of the term, and those regarding the amount of rent which may be adjusted by Lessor at any time after the termination date of this Lease.

2. **RENT.** Rent during the term shall be paid monthly in advance, beginning as of the date the term commences. Rent shall be \$1,353.52 per month plus all applicable sales tax. Each installment of Rent is payable in advance, on the first (1<sup>st</sup>) day of each calendar month, and shall be paid at City Hall, Post Office Box 490630, Leesburg, Florida 34749-0630, or in such other manner as Lessor may, from time to time, direct by written notice to Lessee.

Time is of the essence of this contract, and in particular Lessee acknowledges and agrees that it is responsible for paying the Rent promptly on the first (1<sup>st</sup>) day of each month, and that failure to do so within 10 days of the due date will constitute a default under this lease and entitle Lessor, after first giving three days written notice of default to Lessee, to pursue any remedy allowed by law or under this lease for a default. If at any time a check given by Lessee to Lessor is returned unpaid, thereafter Lessor may require all future payments under this lease to be made in cash or by cashier's check.

Any installment of Rent or any other charge accruing under the provisions of this Lease that is not paid when due shall bear interest at the rate of 1.0% per month (12% per annum) from the date when the same was payable by the terms hereof, until the same is paid by Lessee.

3. USE. Lessee shall use the premises for the parking, storage and sales of Lessee's inventory of new and used vehicles offered for sale at its Phillips Toyota dealership across Highway 441 from the leased premises. No other use shall be made of the premises without the prior, written permission of the Lessor. There shall be no vehicle maintenance, no refueling, and no introduction of oil, gasoline, diesel fuel or other lubricants or fuels into vehicles while stored on the site, and the premises shall not be used to store vehicles of customers which are in the possession of Lessee for service. Lessee shall make no unlawful or offensive use of the premises, nor shall any activity be carried on at the premises which constitutes a nuisance to surrounding property. To minimize to the greatest extent possible the potential for injury to its customers, Lessee shall take all commercially reasonable steps possible to assure that none of its customers are on the premises unless accompanied by an employee of Lessee.

Except as provided below Lessee shall not allow the production, use, handling or storage, of dangerous or toxic chemicals or substances (other than fuel and lubricants commonly utilized in motor vehicles, while stored within the vehicles themselves), machines or equipment causing excessive noise or dust particles or anything else of any nature whatsoever which would be injurious to the building or property in the reasonable opinion of Lessor. Lessee shall indemnify Lessor against all claims for damages or other relief, plus attorney's fees and costs, due to any production, use, handling, storage,

discharge or disposal of any hazardous or toxic wastes or substances by Lessee whatsoever, whether or not permitted hereunder, as such may be defined from time to time by any local, State or Federal agency, whether at the premises or elsewhere. Lessee shall be responsible for the acts and behavior of its officers and employees, customers and potential customers, licensees, invitees, agents, clients, and anyone else on the premises whether with or without the knowledge and consent of Lessee.

4. INGRESS AND EGRESS. Ingress and egress shall be from U.S. Highway 441 and may require approval from other agencies, including but not limited to the Florida Department of Transportation. Ingress and egress shall be allowed only at the locations approved by Lessor and FDOT, and Lessee shall at its expense construct any curb cuts, aprons and other improvements required by Lessor and FDOT to facilitate access, and Lessee shall restore those areas disturbed by such improvements to their original condition once Lessee relinquishes possession or Lessee's right to possession is terminated by law.

5. UTILITIES. All utilities serving the premises, including but not limited to electricity, water, refuse and garbage service, sewage disposal and pollution abatement charges, telephone and other telecommunications, data or internet connections, impact fees (of any type or purpose, including but not limited to water and sewer, roadways, police and fire protection, public schools, parks and recreation or otherwise) and janitorial service shall be secured and paid for by Lessee, who shall hold Lessor harmless from any loss or damage, including attorney's fees, arising out of failure by Lessee to pay all utility charges when due. No utilities, lighting or other utility related improvements, whether above or below ground, shall be installed without the prior, written consent of Lessor.

6. TAXES. Lessee shall pay all sales taxes due on the rent under this lease, and all personal property taxes assessed against Lessee's property kept at the premises, together with any ad valorem or intangible personal property taxes assessed against the real property or against Lessee's leasehold interest. Lessor is a tax exempt entity, therefore if any taxes or assessments are levied against Lessor by reason of this Lease or Lessee's occupancy of the premises, Lessee shall pay all such taxes when due.

7. INSURANCE. Lessor shall insure the property against damage by fire and other casualties, however **such insurance shall protect Lessor's interests only**. Lessee is responsible for insuring its own personal property on the premises. Also, Lessee shall at its expense procure, and maintain in force throughout the term: (i) personal injury and public liability insurance in the amount of \$2,000,000.00 as a single limits policy including death, personal injury, and property damage coverage, showing Lessor as a named insured, with a waiver of subrogation in favor of Lessor, which shall insure against not only any covered incidents occurring on the premises but also against any death, injury to persons or damage to property occurring as persons are entering or leaving the premises; (ii) workers compensation insurance covering any death or personal injury suffered by employees of Lessee while on the premises. Proof of such insurance shall be provided to Lessor no later than the commencement of the term and upon request by Lessor thereafter for the balance of the term. All such insurance shall be maintained with insurers licensed to operate in Florida, accorded a rating of "A" or better by A.M. Best.

8. MAINTENANCE. Lessee shall maintain the premises in such condition that the property does not become an eyesore and is in compliance with applicable codes and compatible with the conditions existing elsewhere on the airport. The property shall be returned to Lessor in good condition at the end of the term of this Lease, and shall if necessary to restore the premises to the same condition as at the inception of this Lease, grade, sod and/or seed the property so that any damage which could result in erosion due to dead or dying vegetation resulting from Lessee's use is abated. Lessee shall also, at its sole expense, clean up immediately upon discovery any spill or leakage of oil, gasoline, diesel fuel or other petroleum products, lubricants or fluids (such as but not limited to coolant and brake fluid) discharged from vehicles brought or stored on site by or on behalf of Lessee. If Lessee fails to carry out its maintenance responsibilities properly, Lessor may give written notice of deficiencies to Lessee, specifying a time within which corrections are to be made, and if Lessee fails to act within the time specified, Lessor may make take all steps it deems necessary to remedy the problems cited and charge the cost thereof to Lessee as additional rent hereunder, to be payable immediately upon demand.

9. FIRE EQUIPMENT. Lessee shall provide and maintain, at Lessee's sole expense, approved fire protection devices adequate for the leased premises in accordance with any State of Florida and City of Leesburg fire safety codes and requirements.

10. ENTRY AND INSPECTION. At any reasonable time, Lessor may enter the leased premises personally or through a designated agent and conduct an inspection to determine if Lessee is complying with the terms of this lease. If such inspection reveals deficiencies, Lessor may, but shall not be obligated to, make such repairs, or take any other action, as may be necessary to bring Lessee into compliance, and recover the costs thereof either from the deposit, or from Lessee, in which case the costs shall be considered additional rent due immediately from Lessee; failure by Lessee to pay these sums shall be grounds for termination of this lease.

11. ADDITIONAL RENT. All taxes, costs, charges, and expenses which Lessee is required by this Lease to pay, together with all interest and penalties thereon which may accrue in the event Lessee fails to pay such amounts, and all damages, costs and expenses (including attorney's fees) which Lessor may incur by reason of any failure by Lessee to comply with the terms of this Lease, shall be deemed to be additional rent, and in the event of nonpayment thereof by Lessee, the Lessor shall have the same rights and remedies with respect thereto as Lessor may have, at law, in equity, or under this lease, for nonpayment of the rent itself.

12. ALTERATIONS AND IMPROVEMENTS. No alterations or improvements to the premises shall be made by Lessee, nor shall any signs be erected, unless Lessor has reviewed the plans and specifications and given its written consent before commencement of any such work. Lessor may require Lessee to remove any unauthorized signs, alterations, or improvements, and to return the premises to their original condition, and if Lessee fails or refuses to do so then Lessor may have the necessary work done and assess the cost against Lessee, to be paid immediately upon demand. All work must conform to applicable codes and be performed by licensed and bonded contractors, and all required building permits, as well as statutory performance and payment bonds, shall be secured. At the end of the term or upon any

earlier termination of this lease, all alterations and improvements on the premises, not including trade fixtures, shall become the property of Lessor and shall not be removed by Lessee, unless prior to termination or within 5 days thereafter Lessor directs removal of any such improvements, in which case lessee shall at its expense remove those improvements specified within 15 days after termination and return the premises to their original condition. Approval of any signs or improvements by Lessor under this Lease shall not constitute a waiver of Lessor's rights and obligations as the local government with regulatory jurisdiction over the premises, and Lessee is placed on express notice that it must obtain not only Lessor's approval under this Lease but also all permits, inspections and approvals required under Lessor's code of ordinances and applicable state law, and Lessor shall not be estopped by issuance of approval under this Lease from imposing any requirements and conditions it deems appropriate under its regulatory authority.

13. LIENS. The Lessee shall not have the power or authority to subject the Lessor's interest in the premises to mechanics', laborers' or materialmen's liens of any kind against Lessor's interest during this Lease. If such a lien is filed, Lessee shall cause the premises to be released therefrom within five (5) days of written demand by Lessor, either by payment in full, or by posting of bond which by law releases Lessor's interest from the legal effect of such lien. Prior to commencing work, Lessee shall obtain from any contractor, subcontractor, laborer or materialmen performing work or providing materials for the premises, a waiver of lien whereby such person specifies that he or she will not impose any lien or claim against the real property by reason of the work done or materials provided. Any such work shall be done only under written contract and Lessor shall have the opportunity to approve such contract before work commences.

14. REPRESENTATIONS OF LESSOR. In order to induce Lessee to enter into this lease, the Lessor has made the following representations and no others:

A. Lessor has good title to the premises, and the right to enter into this Lease without the joinder or consent of any other person or entity;

B. So long as Lessee performs all the covenants and agreements of this lease, Lessee shall have quiet and undisturbed possession of the premises.

15. REPRESENTATIONS OF LESSEE. In order to induce Lessor to enter into this Lease, the Lessee has made the following representations, and no others:

A. Lessee has inspected the premises and found them to be fit for its intended purposes, and accepts the premises in as – is, where – is condition based solely on its own inspection and not on any representation or statement made by or on behalf of Lessor.

B. Lessee has assured itself that the zoning of the premises will permit the intended use, and will not violate any zoning or land use rules during occupancy, and will obtain and keep in force all licenses and permits required for the operation of Lessee's business at the premises. Lessee is placed on express notice that Lessor has not, by entering into this Lease, waived any rights or obligations it has as the local government with regulatory jurisdiction over the premises to enforce all zoning, building, land use and other codes and ordinances pertaining to the premises.

C. Lessee is acting solely on its own behalf, and not on behalf of any third party or undisclosed principal whomsoever.

D. Lessee will perform and abide by each and every term, covenant and agreement of this lease.

E. **EXCEPT FOR THE ITEMS SET FORTH SPECIFICALLY IN THIS LEASE, ALL WARRANTIES OF ANY NATURE CONCERNING THE PREMISES, EITHER ORAL OR WRITTEN, EXPRESSED OR IMPLIED, ARE WAIVED BY LESSEE. LESSEE UNDERSTANDS AND AGREES THAT LESSOR DOES NOT WARRANT THE CONDITION OF ANY IMPROVEMENTS ON THE PROPERTY, THEIR HABITABILITY OR THEIR FITNESS FOR ANY PARTICULAR PURPOSE, AND THAT ALL SUCH WARRANTIES, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, ARE HEREBY WAIVED BY LESSEE AND DISCLAIMED BY LESSOR.**

F. If Lessee is not a natural person, then Lessee warrants that it is duly formed and validly existing under state law and local ordinances, and that all things required by law or by Lessee's governing documents, necessary to the execution of this lease have been accomplished, and the person signing this lease is authorized to bind Lessee.

16. INDEMNITY. Lessee will indemnify Lessor, and hold Lessor harmless, from and against all claims, debts, demands, or obligations which may be made by anyone whomsoever against Lessor, or Lessor's interest in the premises, arising out of or in any way connected with Lessee's use and occupation of the premises, including without limiting the generality of the foregoing those matters which are caused in whole or in part by the negligence of Lessor, its agents, servants or employees. If it becomes necessary for Lessor to defend any action against it, seeking to impose such liability, Lessee will pay not only any judgment entered against Lessor in such proceeding, but also all costs and attorney's fees incurred by Lessor in its defense of the proceeding.

17. DAMAGE BY LESSEE OR BY FIRE AND CASUALTY. In the event the premises are damaged by fire or other casualty, not caused by the negligent or deliberate acts of Lessee, its agents, servants, employees or guests, Lessor may elect to repair the damage within a reasonable time, and the rent due hereunder shall abate until repairs are completed, by the proportion by which the damage prevents Lessee's use of the premises, or in the alternative Lessor may at its sole option elect to terminate this Lease. If Lessor elects to terminate this Lease rather than repair the premises, any insurance proceeds payable due to a fire or other casualty shall be the sole property of Lessor.

If the premises are damaged by the intentional or negligent acts or omissions of Lessee or any of its agents, servants, employees or guests, Lessee shall be obligated to restore the premises within a reasonable time at its expense, and if it fails to do so, then Lessor may repair such damage and restore the premises to their original condition without notice to or consent by Lessee, and recover the entire cost of the repair from Lessee immediately, together with any lost rent and other consequential damages suffered

by Lessor as a result of the intentional or negligent acts of the Lessee, its agents, servants, employees or guests.

18. BANKRUPTCY. This lease shall be terminated immediately, without notice to Lessee, in the event Lessee or any surety of Lessee on this lease become bankrupt, or files any proceedings as debtor, or takes or has taken against it any action or proceeding in bankruptcy or insolvency, or for reorganization or appointment of a trustee of all or a portion of Lessee's or the surety's property; or if Lessee or any surety makes an assignment for the benefit of creditors.

19. NO WAIVER. No failure by Lessor to exercise any remedy available to it in the event of a breach of this lease by Lessee shall be deemed a waiver of any subsequent breach, whether of the same or a different provision of this lease, nor shall it be considered a justification of any subsequent breach by Lessee. Acceptance of rent by Lessor at any time when Lessee is in default shall not be construed as a waiver of such default, or of Lessor's right to terminate this lease on account of such default at any time the default remains outstanding, nor shall any waiver or indulgence granted by Lessor to Lessee be taken as an estoppel against Lessor, it being expressly understood that if Lessee is in default and Lessor accepts rent during the continuance of such default or fails promptly to avail itself of its remedies for such default, this shall not constitute a waiver of such default, but Lessor may at any time, if such default continues, terminate this lease on account thereof.

20. DEFAULT. In the event of a default by Lessee, other than a failure to pay rent or additional rent, which default continues longer than five (5) days after the giving of written notice to Lessee by Lessor demanding that the default be cured, Lessor may terminate this lease and resume possession of the premises immediately, and recover from Lessee liquidated damages as specified below, or at its option Lessor may take such action and expend such sums as may be necessary to cure the default, and recover the cost to cure from the deposit or charge it to Lessee as additional rent.

Should Lessee fail to pay any rent or additional rent hereunder, and if such rent is not paid along with any interest, penalties and late charges, within 3 days after written notice given by Lessor to Lessee,

then Lessor may retake possession of the premises immediately, and recover from Lessee the present value of the rent to have been paid by Lessee over the remainder of the term, computed using a discount rate of 6%, or at its option Lessor may elect to sue for each installment of rent as it falls due. In the event Lessor elects to recover the present value of future rents, the rent for the remainder of the term shall be considered accelerated and due immediately upon notice being given to Lessee. Once Lessor has retaken possession (or if Lessee refuses to surrender possession, once Lessor has given Lessee written notice of termination) this lease shall be terminated and Lessee shall have no right to reinstate this lease, whether by payment of the arrearages or otherwise.

Upon termination of this lease, Lessee shall surrender the premises peaceably to Lessor immediately, and if Lessee fails to do so it shall be deemed guilty of unlawful detainer of the premises and be subject to remedies provided for that violation. This lease shall be considered terminated immediately upon the giving to Lessee by Lessor of written notice of termination. Liquidated damages of \$75.00 per day shall be paid by Lessee for each day or portion thereof that Lessee fails to surrender possession of the premises to Lessor in accordance with this lease, after termination or expiration hereof.

In any event, in addition to recovery of possession and liquidated damages, Lessor shall also recover all additional rent, special damages, costs and attorney's fees incurred by it as a result of the default by Lessee. Lessee agrees that it would be impossible to compute the general damages suffered by Lessor should Lessee default, that it is therefore proper to provide for liquidated damages, and that the amount of liquidated damages set forth herein is reasonable and does not constitute a penalty or forfeiture.

21. REMEDIES CUMULATIVE. Lessor's remedies under this lease are cumulative, and no one remedy shall be exclusive, in law or equity, of any other rights which Lessor may have, and the exercise of one right or remedy shall not impair Lessor's standing to exercise any other right or remedy.

22. ARREARAGES. Any amount of money to be paid to Lessor by Lessee under this lease, which is not paid within 10 days of the date when it first falls due, shall bear interest at the highest rate

allowed by law until paid in full. Lessor, at its sole option, may elect to apply any payment by Lessee either to amounts most recently due, to amounts farthest in arrears, or to interest due on the arrearages.

23. ASSIGNMENT. This lease may not be assigned by Lessee, nor may Lessee sublet the premises either in whole or in part, or pledge Lessee's leasehold interest as collateral for any debt or obligation of Lessee, without prior written permission from Lessor, which may not be withheld unreasonably so long as no default exists hereunder, provided that no change in use is made and the assignment will not violate any other agreements by Lessor. Lessor shall not be required to consent to any sublease or assignment whatsoever as long as any default by Lessee remains in existence.

If this lease is assigned to any person or entity pursuant to the provision of Title 11, U.S.C. (the Bankruptcy Code), any and all consideration payable or otherwise to be delivered in connection with any such assignment shall be paid and delivered to Lessor, to be and remain the exclusive property of Lessor and shall not constitute property of the Lessee or of the estate of Lessee within the meaning of the Bankruptcy Code. Any such consideration not paid or delivered to Lessor as provided above shall be held in trust by the recipient for the benefit of Lessor and shall be promptly paid and delivered to Lessor. Any assignee under the Bankruptcy Code shall be deemed, by having received such assignment and without further act or deed, to have assumed all of the obligations of Lessee arising under this lease, from and after the date of such assignment. Upon demand by Lessor, any such assignee shall execute and deliver to Lessor an instrument confirming such assumption.

If Lessee or any assignee or sublessee is not a natural person, the following shall be deemed to be assignments requiring the written consent of Lessor as a condition to continued occupancy of the premises hereunder:

a. Sale of more than 49% of the shares of a corporate Lessee which are issued and outstanding on the commencement date of this lease;

b. Issuance by a corporate lessee of additional shares which results in the shares issued and outstanding on the commencement date of this lease being reduced, after the new issue, to less than 51% of the then outstanding and issued shares;

c. Any other action by a corporate lessee, or its shareholders, the result of which is to reduce the percentage of shares owned by those shareholders existing as of the date of this lease to less than 51%;

d. Any change in the partners of a lessee which is a general partnership;

e. Any change in general partners of a limited partnership lessee or any reduction in the percentage of ownership in the partnership by any general partner, any change in the membership or control of a limited liability company which is a lessee hereunder, or any other change in the ownership of a Lessee which is not a natural person, the effect of which is to reduce the percentage of ownership of the equity owners as of the date of this Lease to less than 51% of the total, outstanding equity ownership of the entity.

24. MEMORANDUM. Lessor may, at its option, record a memorandum of this lease in the Public Records of Lake County, Florida, so as to alert third parties of the nature and duration of Lessee's interests in the premises.

25. ESTOPPEL CERTIFICATE. At any time, upon request by Lessor, the Lessee agrees to execute a certificate stating:

A. That no default exists at the time on the part of Lessor, or setting forth the nature of the default if one does exist;

B. The term, rental amount, termination date and other material conditions of this lease;

C. That Lessee's interest is inferior and subordinate to the lien of any mortgage now encumbering Lessor's interest in the premises, or hereafter executed by Lessor.

26. RELATIONSHIP OF PARTIES. Nothing in this Lease shall be deemed to create a relationship of partnership, principal and agent, or any other relationship between the parties other than

landlord and tenant. Lessee agrees that it shall not challenge the fee title of Lessor in the premises or claim any interest superior thereto.

27. COSTS AND FEES. In the event it is necessary for Lessor to employ counsel to enforce the obligations of Lessee hereunder, the Lessee shall reimburse Lessor for reasonable attorney's fees so incurred, whether or not suit is filed; and if a legal action is commenced by either party, then at the conclusion of such action the prevailing party shall be entitled to recover its reasonable costs and attorneys fees, in addition to any other relief granted.

28. GOVERNING LAW. This lease shall be applied and construed in accordance with the Laws of Florida. Venue for any action hereunder shall be in Lake County, Florida. The courts of the State of Florida shall have jurisdiction to hear and decide any and all disputes which arise under this lease.

29. NOTICES. Any notice required by this lease shall be in writing and shall be either delivered in person, or mailed by United States Mail, certified with return receipt requested and all postage charges prepaid. Except where receipt is specifically required in this lease, any notice mailed in accordance with these standards to the proper address as set forth below shall be deemed to be effective upon the date of postmark, and any time period shall begin running as of that date, whether or not the notice is actually received. Notices shall be given in the following manner, or in such other manner as may be directed by either party, in writing, from time to time:

- A. To Lessor: at the address given for payment of rent.
- B. To Lessee at Phillips Toyota, 8629 South U.S. Highway 441, Leesburg, Florida 34788.

30. CONSTRUCTION. Any word in this lease shall be read as either singular or plural, and as either masculine, feminine or neuter gender as the context may require. Captions are included for convenience only, and shall not be construed to limit, expand, or otherwise modify the text of this lease in any manner. This Lease shall not be construed more strongly against either party based on which party had the greatest role in its drafting or preparation.

31. NATURE OF AGREEMENT. This lease sets forth the entire agreement of the parties; it takes precedence over all prior representations, negotiations and agreements, whether oral or written, which are deemed to have merged into this lease and to have been extinguished to the extent not set forth specifically herein. The execution of this lease has not been induced by either party by any representations, promises or understandings not expressed herein, and there are no collateral agreements, promises or undertakings whatsoever in any way touching on the subject matter of this lease which are not expressly contained herein. This lease may not be amended in any manner whatsoever, other than by written instrument signed by all parties hereto.

32. BINDING EFFECT. This lease shall be binding on, and inure to the benefit of, not only Lessor and Lessee, but also their respective successors and assigns.

33. CONDEMNATION. In the event all or any portion of the building is taken by eminent domain, or is conveyed under threat of such proceedings, all compensation resulting therefrom shall be the property of Lessor and Lessee hereby assigns to Lessor any interest Lessee may otherwise have in such award. Lessee shall execute any documentation required to achieve this result. In the event of a total taking, this lease shall terminate. In the event of a partial taking, Lessor may elect either to terminate this lease or to repair and restore the remaining portion of the premises at its own expense, and keep this lease in force.

34. SEVERABILITY. If any provision hereof is declared invalid or unenforceable, it shall be severed herefrom and the remainder of the lease shall continue in full force as if executed originally without the invalid portion.

35. RULES AND REGULATIONS.

(a) The Lessor has appointed a manager for the Leesburg Regional Airport, and the Lessor reserves the right for the said manager or his duly authorized agent to enter the premises during business hours for the purpose of performing inspections considered necessary by the manager, and the Lessee shall promptly correct any conditions which are reasonably considered a hazard to life or to protect

property. The Lessee agrees not to have explosives, gasoline or other highly flammable materials in, on or about the premises leased; however, excluding motor vehicle fuel tanks.

(b) The Lessee covenants and agrees to observe and obey all reasonable and lawful rules and regulations which may, from time to time, during the term hereof, be adopted and promulgated by the Lessor for operations at said airport.

(c) The Lessor 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 real property heretofore described, 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 said airspace for landing on, taking off from or operation on the airport.

(d) The Lessor reserves the right to take whatever action may be necessary or appropriate for the operation, maintenance and improvement of the airport and although consideration shall be made of the interest to the Lessee hereunder, Lessee shall have no vested rights to continued operation of the airport in the manner in which it is now operated, nor to continue to operate without competition.

(e) The Lessee agrees for itself, its successors and assigns, to prevent any use of the heretofore described real property which would interfere with or adversely affect the operation or maintenance of the airport, or otherwise constitute an airport hazard.

(f) The Lessee agrees for itself, its successors and assigns, to restrict the height of structures, objects of natural growth and other obstructions on the heretofore described real property to such a height so as to comply with Federal Aviation Regulations, Part 77 or as amended by F.A.A.

(g) This lease shall be subordinate to the provisions of any existing or future agreement entered into between the City of Leesburg and the United States for the improvement or operation and maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the airport.

(h) This lease and all provisions hereof shall be subject and subordinate to all the terms and conditions of the deed under which the Lessor acquired the property known as Leesburg Regional Airport from the United States of America, and shall be given only such effect as will not conflict or be inconsistent with such terms and conditions.

36. NON-EXCLUSIVE RIGHT PROVISION. Nothing herein contained shall be construed as granting, or authorizing the granting of, an exclusive right within the meaning of Section 308 of the Federal Aviation Act.

37. NONDISCRIMINATION PROVISIONS.

(a) The Lessee, for itself, its successors in interest, and assigns, as a part of the consideration hereof, 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 said facilities;

(2) That is 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 in any aspect of the process of such construction, or the awarding of bids;

(3) That the Lessee 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 - Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

(b) In the event of breach of any of the above nondiscrimination covenants, the Lessor shall have the right to terminate the lease and to re-enter and repossess said land and the facilities thereon, and

hold the same as if said lease had never been made or issued. The provision shall not be effective until the procedures of Title 49, Code of Federal Regulations, Part 21, are followed and completed, including exercise or expiration of appeal of rights.

(c) Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

(d) Noncompliance with provision (c) above shall constitute a material breach thereof and in the event of such noncompliance the Lessor shall have the right to terminate this lease and the estate hereby created without liability therefor or at the election of the Lessor or the United States, either or both said Governments shall have the right to judicially enforce provision (c) above.

(e) Lessee agrees that it shall insert the above provisions in any lease by which said Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the premises herein leased.

38. ADA COMPLIANCE. If during the term any alterations or improvements to the premises are required in order to comply with the Americans With Disabilities Act, such improvements shall be the sole responsibility of the Lessee. The Lessee shall observe and comply with all requirements of the ADA in all of its activities at the premises and shall indemnify Lessor and hold Lessor harmless from any loss or damage (including court or administrative costs and attorney's fees) arising out of any violation of ADA by Lessee in the operation of its business or any failure by Lessee to make any improvements required by the ADA in connection with the use and occupancy of the premises by Lessee.

{SIGNATURES APPEAR ON FOLLOWING PAGE}

IN WITNESS WHEREOF, the parties have caused their duly authorized officers to execute this Lease on the day and year first above written.

THE CITY OF LEESBURG, FLORIDA

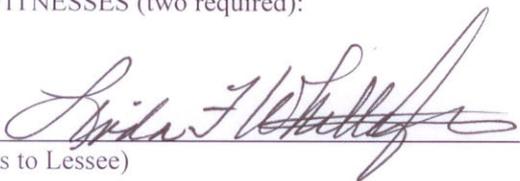
BY: \_\_\_\_\_  
DAVID KNOWLES, Mayor

ATTEST: \_\_\_\_\_  
BETTY RICHARDSON, City Clerk

APPROVED AS TO FORM AND CONTENT:

\_\_\_\_\_  
CITY ATTORNEY

WITNESSES (two required):

  
\_\_\_\_\_  
(as to Lessee)

LESSEE: PHILLIPS SALES, INC.

  
BY: \_\_\_\_\_  
RANDY C. OLLILA, President

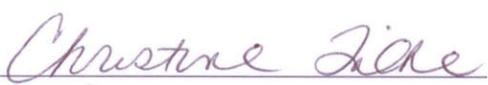
  
\_\_\_\_\_  
(as to Lessee)

EXHIBIT "A"

LEGAL DESCRIPTION:

COMMENCING AT THE INTERSECTION OF THE EAST LINE OF LOT 1 IN SILVER LAKE ADDITION 'A', ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 5, PAGE 41, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, WITH THE SOUTH LINE OF SECTION 16, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA, RUN SOUTH 89°48'00" WEST, ALONG SAID SECTION LINE, A DISTANCE OF 466.52 FEET; THENCE NORTH 13°44'00" EAST, A DISTANCE OF 316.70 FEET, MORE OR LESS, TO THE SOUTHERLY RIGHT OF WAY LINE OF U.S. HIGHWAY NO. 441; THENCE NORTH 68°19'00" WEST, ALONG SAID SOUTHERLY RIGHT OF WAY LINE, 630.00 FEET; CONTINUE NORTH 68°19'00" WEST, ALONG SAID SOUTHERLY RIGHT OF WAY LINE, A DISTANCE OF 266.84 FEET TO A POINT OF CURVATURE OF A RIGHT OF WAY CURVE THAT IS CONCAVE SOUTHERLY AND HAVING A RADIUS OF 1778.08 FEET; THENCE WESTERLY, ALONG THE ARC OF SAID RIGHT OF WAY CURVE, THROUGH A CENTRAL ANGLE OF 04°59'41", AN ARC DISTANCE OF 155.00 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION; FROM SAID POINT OF BEGINNING, CONTINUE THENCE WESTERLY, ALONG THE ARC OF SAID RIGHT OF WAY CURVE, THROUGH A CENTRAL ANGLE OF 14°59'52", AN ARC DISTANCE OF 465.43 FEET TO A POINT ON SAID RIGHT OF WAY CURVE; THENCE SOUTH 00°01'56" WEST, 234.91 FEET, MORE OR LESS, TO A POINT ON A LINE THAT IS PARALLEL WITH AND 500 FEET NORTHEASTERLY OF, BY PERPENDICULAR MEASUREMENT, TO THE CENTER LINE OF THE (NORTHEAST/SOUTHWEST RUNWAY-DEED) (NORTHWEST/SOUTHEAST RUNWAY-ACTUAL) OF THE LEESBURG MUNICIPAL AIRPORT; THENCE SOUTH 50°29'35" EAST, ALONG A LINE THAT IS PARALLEL WITH THE CENTERLINE OF SAID RUNWAY, A DISTANCE OF 249.44 FEET TO A FOUND CONCRETE MONUMENT; THENCE NORTH 39°34'36" EAST, 119.96 FEET TO A FOUND CONCRETE MONUMENT; THENCE SOUTH 89°46'38" EAST, 47.09 FEET TO A FOUND CONCRETE MONUMENT; THENCE CONTINUE SOUTH 89°46'38" EAST, 26.03 FEET TO A FOUND IRON PIN; THENCE SOUTH 51°07'54" EAST, 83.30 FEET TO A FOUND IRON PIN; THENCE SOUTH 60°02'47" EAST, 16.30 FEET TO A POINT THAT IS 350.00 FEET NORTHWESTERLY OF, BY PERPENDICULAR MEASUREMENT, THE WESTERLY BOUNDARY LINE OF THE PROPERTY DESCRIBED IN OFFICIAL RECORDS BOOK 809, PAGE 917, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA; THENCE NORTH 21°41'00" EAST, 235.89 FEET, ALONG A LINE THAT IS 350.00 FEET NORTHWESTERLY OF AND PARALLEL WITH THE WESTERLY BOUNDARY LINE OF THE PROPERTY DESCRIBED IN OFFICIAL RECORDS BOOK 809, PAGE 917, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA TO A POINT THAT IS 50.00 FEET SOUTHERLY OF, BY RADIAL MEASUREMENT, THE SOUTHERLY LINE OF THE RIGHT OF WAY OF U.S. HIGHWAY NO. 441, SAID POINT BEING ON A RIGHT OF WAY CURVE THAT IS CONCAVE SOUTHERLY AND HAVING A RADIUS OF 1728.08 FEET; THENCE WESTERLY, ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 02°14'12", AN ARC DISTANCE OF 67.46 FEET TO A POINT THAT IS SOUTH 46°41'19" WEST OF THE POINT OF BEGINNING; THENCE NORTH 16°41'19" EAST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING.

