

STATE OF GEORGIA)

COUNTY OF CHATHAM)

CITY OF SAVANNAH)

LEASE AGREEMENT

This contract is made and entered into this 6th day of December, 2011, by and between the Mayor and Alderman of the City of Savannah, Georgia, hereinafter referred to as "City" and River Street Riverboat Company, hereinafter referred to as "Tenant"

WITNESSETH:

Whereas, The City owns a portion of the Rousakis Plaza bulkhead along the Savannah River;

Whereas, Tenant operates a tour/excursion boat service along a portion of the City-owned bulkhead

Whereas, The City and the tenant entered into a lease agreement dated October 1991 under which the City leased to tenant 249.67 feet of the Rousakis Plaza bulkhead and a wooden floating dock attached to said bulkhead;

Whereas, the current lease expires September 31, 2011;

Whereas, the City and the tenant wish to continue said lease agreement;

NOW, THEREFORE, for and in consideration of the rents provided herein and of the agreement, conditions, covenants, and the terms on the part of the Tenant, hereinafter contained, the parties agree as follows:

1. LEASE; DESCRIPTION OF PROPERTY AND EASEMENTS

- (a) Bulkhead. The City hereby leases to the tenant and the tenant hereby leases from the City a portion of the Rousakis Riverfront Plaza bulkhead extending 249.67 feet along the northern side of the concrete wharf located at or near the Savannah River harbor line on that certain tract or parcel of land shown on Exhibit A, attached hereto and made a part hereof by specific reference. The leased property is located on the Savannah River, River Street at Bull ramp, in Savannah, Chatham County, Georgia. The leased property is hereinafter referred to as "leased bulkhead", "premises", or "leased premises"
- (b) Floating Dock. Said Lease includes the Floating Dock
- (c) Docking Easement. Said Lease includes an exclusive docking easement for the initial term.
- (d) Utility Easements. Said lease includes utility easements for conduits, pipes, wires, lines, and fitting for water, electrical, telephone, sewer, and data service below deck grade

across the concrete bulkhead located on the above described property; provided however, that all costs of the installation, maintenance, and repair to any facilities now or hereafter installed and used by the tenant shall be borne by the tenant, and further provided that the tenant shall not install any future utility services nor facilities within any areas of the easement herein granted without first obtaining the prior written approval of the City and applicable state agencies complying with the specifications of the City as to location and manner of construction of the same

2. TERM OF LEASE

- (a) The initial term of this lease shall be ten years beginning on October 1, 2011, and ending at September 31, 2021
- (b) Extension of Term. Provided that the tenant is not in default under any of the terms of this lease, tenant shall have the right to extend this lease for two terms of five years each, to be exercised independently. The conditions, terms, and agreements contained herein shall remain in full force and effect during any extended term of this lease except that the parties shall mutually agree upon revised rental terms for such option to be exercised. Tenant shall notify the City of its intention to seek an additional lease term in writing not later than six months prior to the expiration date and shall at that time notify the City of the tenant's proposed rental terms for the extended lease term.

3. TENANT'S OBLIGATION UNDER THIS LEASE

- (a) Tour/Excursion Boat. Tenant shall maintain at least one tour/excursion boat at the leased dock space. The boat(s) shall meet the following criteria:
 - a. United States Coast Guard certified for at least 250 persons
 - b. Capable of still-water speed of 12 knots
 - c. Heated and air conditioned
 - d. Draft not to exceed eight (8) feet
 - e. Electricity generating capability for all activities;
 - f. Full electronics and safety equipment required to meet United States Coast Guard standards
- (b) Tenant shall maintain a regular schedule for tour/excursion boat service year round
- (c) Tenant shall make available private charter tours for convention groups, clubs, churches, and other groups and organizations.

4. Rental

- (a) For the initial term of this lease, tenant agrees to pay the City a monthly rental equal to one and one-half percent (1.5%) of gross revenue during the preceding month, as defined in sub-paragraph (d). Such rental shall be subject, however, to a minimum annual rental as shown in the chart below.

Lease Year	Minimum Annual Rental
1	28,000

2	28,700
3	29,420
4	30,155
5	30,900
6	31,675
7	32,450
8	33,260
9	34,100
10	35,000

- (b) Calculation of Rental; Due Date; Statement of Gross Revenues: Rental shall be calculated on an annual basis and shall be the greater of one and one-half percent (1.5%) of actual gross receipts received by the Tenant during the applicable lease year or the applicable minimum annual rental as shown above; provided; however, that such annual rental shall be paid in monthly installments equal to the greater of one and one half percent of gross receipts for the preceding month or one-twelfth of the minimum annual rental.

Within thirty (30) days after each anniversary of this lease, the city and tenant shall reconcile such monthly rental installments with the annual rental amount due. The deficit owed by the tenant, if any, or the refund owed by the City, if any, shall be paid within ten (10) days after the date of such reconciliation, provided any refund due the tenant may be taken as a credit against the next accruing rental installments.

Since rentals are based on the prior month's gross revenues, tenant shall pay said rental to the city no later than the twentieth (20th) day of the month for which the rent is due, that being the month following the month in which said gross revenues are earned. Tenant shall provide with each rental payment a certified statement of gross revenues for the receding month.

- (c) Late Payment Penalty: If payment is not made by the twentieth (20th) day of the month for which the rent is due, tenant shall add to the amount due and shall pay a penalty in the amount of five percent (5%) of the amount due.
- (d) Gross Revenue Defined: The term "gross revenue" for purposes of this lease shall mean the total of all charges paid to the tenant for services and goods of the tenant in connection with or as part of the business conducted by the tenant at or from the leased property and any ticket office associated therewith, including operation of any boat(s) from any other location(s) within Chatham County. Such revenues shall include, but shall not be limited to, revenues derived from boat tours and excursions, private charter tours, food service, sale of alcoholic beverages, sale of related apparel, sales of taxi and commuter boat service, and temporary renting of the dock space to transient vessels. Such gross revenues shall not include revenues from sale of products and services from space in separately leased buildings, other than ticket sales related to boat operations.

(e) Reports Required; Examination of Financial records: Tenant shall furnish the following reports and records to the landlord during the term of this lease:

a. Landlord shall have the right to examine the tenants books and financial record, including federal income tax returns, at reasonable times during regular business hours upon three days notice to the tenant.

(f) Rent Payments. All rents and other payments due to be paid by tenant to the city shall be delivered to

City of Savannah
ATTN: Revenue Director
Revenue Department
P.O. Box 1228
Savannah, GA 31402-1228

5. TAXES, ASSESSMENTS, LINCENSES, AND FEES. Tenant agrees to pay, in addition to the rental fee provided by this lease, any property taxes, sales taxes, assessments, business license fees, and any water, sewer, and refuse collection fees, as well as other normal taxes and fees which may become due to the City, for which the tenant may become liable under the ordinances of the City of Savannah, Chatham County, and the laws if the state of Georgia.

6. Condition of Premises. Except as provided in Section 8 and section 14, the city tenders the tenant accepts the premises as is.

7. USE OF PREMISES. Tenant leases the premises for use in connection with a tour/excursion boat service. No activities may be conducted on the floating dock other than passenger embarking and disembarking, ticket sales from a portable stand and taking photographs of passengers embarking and selling of photographs from a portable display to passengers disembarking from the boat(s). All activates must be appropriately license by the City.

8. MAINTENANCE AND REPAIR. During the term of this lease the tenant shall be responsible for the normal maintenance and repair of the leased bulkhead, but shall not be responsible for damages to the bulkhead resulting from natural causes, including but not limited to erosion, accretion, and the like, except damages related to or associated with the floating dock for which the tenant shall be responsible. Tenant shall bear all costs related to such maintenance and repair

9. MAINTENANCE AND REPAIR OF FLOATING DOCK. Tenant shall maintain and repair the floating dock and boat(s) moored thereto owned or leased by the tenant in a manner and quality acceptable to the city. Tenant's responsibilities for repair of the floating dock shall include damages which may result from natural causes, tenant shall bear all costs related to such activities.

10. STRUCTURES ON DOCK LIMITED. No elevated structure, other than safety rails and walkways to the leased bulkhead, is to be provided, however, that tenant may utilize a portable display for ticket and photo sales on the floating dock.

11. CONTROL OF PLAZA. All Areas of the riverfront plaza south of the face of the leased bulkhead will remain under the City's control. Tenant will not construct any stand, booth, display, tent, building, or other structure on the plaza, either permanently or temporarily, and will not conduct any activity, exhibition, festival, carnival, or other event on the plaza, except with the prior written consent of the City.
12. ALTERATIONS TO PERMISES. No alterations or additions shall be made to the premises, or any part thereof, without the tenant first having obtained written consent of the City. Authorized alterations or additions shall be made at the tenant's expense.
13. NOISE. Tenant shall comply at all times with the City's noise control ordinance. No music, oral communication, or other sound shall be directed from the bulkhead, dock, or boat to the plaza area. All amplified sound shall be directed only to the passengers on the boat, and such sound shall, to the greatest extent possible, be confined to the interior of the boat and to any exterior decks.
14. CLEANING, RUBBISH REMOVAL, AND PEST CONTROL. Tenant shall clean the premises, the floating dock, and any boat moored thereto owned or leased by the tenant, shall collect and remove rubbish, and such cleaning, rubbish collection, and removal, and pest control activities shall be designed and carried out to keep the leased bulkhead, floating dock, and any moored boat owned or leased by the tenant at a high level of cleanliness, free from mice, rats, roaches, and other pests, and free from health and safety hazards throughout the term of this lease. Tenant shall bear all costs related to such activities.
15. SIGNS. Tenant is prohibited from installing any permanent sign on the plaza, but shall be permitted to install a maximum of one sign on the floating dock and one sign on any boat moored to the dock. Such sign(s) shall conform to applicable standards of the City's sign ordinance.
16. PARKING. Tenant is prohibited from parking motor vehicles on the plaza area except temporarily for the purpose of servicing maintaining or repairing the bulkhead, dock, or any boat moored thereto. Such temporary parking of any motor vehicle on the plaza shall be allowed only after a written permit has been applied for by the tenant and issued by the City. Tenant shall have the right to use the public vehicular right of way as other businesses located on River Street in conjunction which applicable parking rules and regulations.
17. INSPECTION OF PREMISES BY THE CITY. Upon reasonable notice, the tenant shall make any and all areas of the leased bulkhead, floating dock, and any boat owned of thereto by the tenant moored thereto available for inspection by the City or the City's authorized representative.
18. NON DISCRIMINATION. Tenant shall not discriminate, restrict, or deny use and enjoyment of said facilities and services to any person based on age, sex, race, religion, national origin, disability, or sexual orientation. Tenant shall not discriminate in its hiring and purchasing on the basis of age, sex, race, religion, national origin, disability, or sexual orientation.

19. LIENS. The tenant shall have no power to act or to make any contract that may create or be the foundation for any lien upon the leased bulkhead, City owned dock, or other estate or reversion of the City in the leased bulkhead or dock, except as herein otherwise specifically provided. Should any such lien be filed, the tenant, at its own cost and expense, shall bond or otherwise discharge such lien within thirty (30) days after filing thereof.

20. EMINENT DOMAIN. If at any time during the term of this lease, the whole of the premises shall be taken for any public or quasi public use, under any statute or by the right of the eminent domain, then in such even, when possession of the premises shall have been taken by the condemning authority, the term of this lease and all right of the tenant hereunder shall immediately cease and terminate and the rent shall be apportioned and paid to the time taken, the rent shall be reduced and proportioned to the interference with the tenant's use occasioned thereby. Notwithstanding anything contained in this paragraph to the contrary, the tenant shall have the absolute right in its own discretion to terminate this lease in the even the tenant is unable to operate a tour and excursion boat service as a result of the premises being taken for any public or quasi public use, under any statute or by right of eminent domain.

21. INDENIFICATION. INDEMNIFICATION. Tenant agrees to indemnify, defend and hold harmless the Mayor and Aldermen of the City of Savannah, Georgia, its successors and assigns, principals, agents, and employees, from any and all claims, including lawsuits, for loss, damage, or injury of any kind or nature sustained by the tenant or its property, or by any agent or employee of tenant, or by any person whosoever, in connection with any matter arising out of this Agreement and/or the provision of services described in this Agreement

22. INSURANCE. Tenant shall take out and keep in full force and effect a comprehensive general liability insurance policy issued by an insurance company licensed to do business in Georgia, providing the tenant and, as additional named insured, the City, its officers, boards, commissions, agent, and employees, with minimum combined single limits of liability coverage in the amount of not less than \$1,000,000. The City shall not be liable for any deductible in any insurance policy; payment of any such deductible is the sole responsibility of the tenant. Tenant shall pay all premiums and charges for insurance required by this paragraph. Tenant shall provide and maintain with the City a current certificate of insurance showing the required liability coverage. The insurance policy required under this lease shall contain a provision that a written notice of any cancellation, modification, or reduction in coverage shall be delivered to the City thirty days in advance of the effective date thereof. Any substitute policy shall comply with all of the provisions of this paragraph.

Tenant shall maintain workers compensation insurance for all of its employees as required by the Georgia and Federal law.

Tenant shall maintain insurance for damage to the floating dock, insuring the same against all perils for which the tenant assumes liability under the terms of this lease, in the amount of one Hundred thousand dollars (\$100,000)

23. TERMINATION BY TENANT. Tenant may terminated this lease at any time during its initial term or any extension(s) thereof by giving the City notice of termination not less than six (6)

months prior to the proposed termination date and payment of rent due and payable through the proposed termination date. Upon termination pursuant to this clause, the City shall be authorized to draw under the letter of credit described in section 24(b) for any past-dues rents and/or other amounts levied by the City against the property or business of the tenant.

24. DEFAULT BY TENANT.

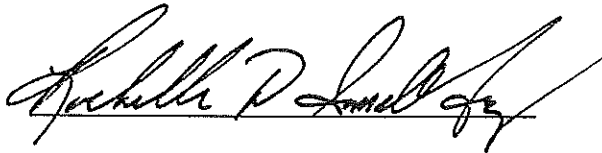
- a. Each of the following shall be deemed a default by the tenant and a breach of this lease:
 - i. Failure to pay the rent herein required, or any part thereof, for a period of twenty (20) days after the due date
 - ii. Failure to do, observe, keep, and perform any of the material terms, covenants, conditions, agreements, and provisions of this lease for a period of thirty (30) days after written notice is given by the City to the tenant of such default
 - iii. The abandonment of the premises by the tenant for a period of thirty (30) days or more during which the tenant fails to conduct regular business from the premises, the adjudication of the tenant as bankrupt, the making by the tenant of a general assignment for the benefit of creditors, the taking by the tenant of the benefit of any insolvency act or law, the appointment of a permanent receiver or trustee in bankruptcy for the tenant's property, and the appointment of a temporary receiver which is not vacated or set aside within ninety (90) days from the date of such appointment.
 - iv. Failure to maintain the required liability insurance and workers compensation insurance
 - v. Conviction of the tenant, tenant's agent, manager, or their holder of any license for the leased premises, of any felony or violation of any state or federal law or the Savannah code relating to gambling or to the sale, use, possession, or distribution of drugs or alcoholic beverages in connection with use of the leased premises.
- b. City remedies
 - i. Upon execution of this lease, the tenant shall provide an irrevocable letter of credit (LOC) in favor of the City in the amount of twenty three thousand dollars (\$23,000), to cover bulkhead and dock minimum rentals for a period of six (6) months in case of default, and any other monetary obligations of due the city under this lease. The date of expiration of the LOC shall be the same as the date of the expiration of this lease and any extension thereof.

25. SUBLET OR ASSIGNMENT. Tenant may not sublet all or any portion of the premises and may not assign this lease or any portion thereof to any third party except upon the prior written consent of the City.

26. FORCE MAJEURE CLAUSE. In the event of fire, casualty, national emergency, extraordinarily adverse weather conditions, or other similar events or conditions beyond the reasonable

control of the tenant which preclude the tenant from operating its excursion and tour boat business, the tenant shall be excused from its obligations to conduct business under this lease during the continuance of such conditions. Tenant shall not be in default hereunder during the continuance of such conditions and for a reasonable time thereafter as may be necessary for the tenant to restore excursion and tour boat service. Tenant shall continue to pay rent to the City throughout such period.

For the MAYOR AND ALDERMAN OF THE CITY OF SAVANNAH



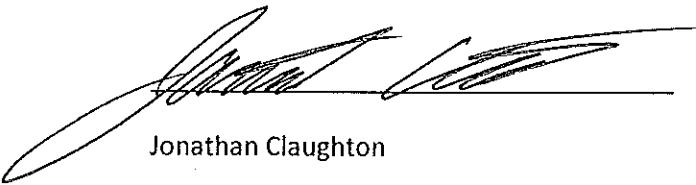
Rochelle Small-Toney

City Manager

Date 12/6/11

Witness Sandra Brown 12/6/11

River Street Riverboat Company



Jonathan Cloughton

President

Date 12/14/11

Witness Tracy Miller