

## LEASE

THIS LEASE AGREEMENT ("LEASE"), by and between Savannah Chatham Parkway Property, LLC, a Georgia limited liability company (as "LESSOR"), and The Mayor and Aldermen of the City of Savannah, a political subdivision of the State of Georgia (as "LESSEE").

WITNESSETH: That, in consideration of the rents and mutual covenants herein set forth, the adequacy of which Lessor and Lessee acknowledge, Lessor and Lessee agree:

1. **PREMISES.** Lessor leases to Lessee and Lessee rents from Lessor the premises, approximately 36,538 rentable square feet (31,229 useable square feet) located on the second floor of the Savannah Morning News Building at 1375 Chatham Parkway, Savannah, Georgia 31405, as more particularly described on Exhibit "A" attached hereto, together with all improvements thereon, herein referred to as the "PREMISES".

2. **TERM/OPTION.** The Term, as hereinafter defined, shall commence upon the completion of Landlord's Work, detailed in Paragraph 8, below ("Commencement Date"). The Commencement Date is expected, but not guaranteed, to be December 1, 2017. This Commencement Date assumes a signed lease by September 1, 2017. If the Lease is executed after September 1, 2017, the delivery and Commencement Date will be pushed back accordingly. The term of the Lease shall be four (4) Years and One (1) Month. Lessee will have the option to extend the Term for one (1) additional one (1) year term for \$842,931.66 in rent ("Option"). Lessee must provide Lessor sixty (60) days' written notice of its intent to exercise the Option prior to expiration of the Lease.

3. **BASE RENT.** The Base Rent for the Premises, prior to adjustment for the exchange value of the additional parking site as described in Section 20, and assuming commencement begins on December 1, 2017, shall be as follows:

<u>Lease Year</u>	<u>Full Service Rent Per Sq. Ft.</u>	<u>Total Rent Per Month</u>
December 2017:	\$ 0	\$ 0
Year 1 - January 2018 – December 2018: Twelve Months' Rent at:	\$21.42 SF/YR	\$65,220.33/Mth
Year 2 - January 2019 – December 2019 : Twelve Months' Rent at:	\$21.42 SF/YR	\$65,220.33/Mth
Year 3 - January 2020 – December 2020 : Twelve Months' Rent at:	\$21.42 SF/YR	\$65,220.33/Mth
Year 4 - January 2021 – December 2021 : Twelve Months' Rent at:	\$21.42 SF/YR	\$65,220.33/Mth
Option Year 5 (if Lessee exercises its one year Option):	\$23.07 SF/YR	\$70,244.30/Mth

4. **USE.** The Premises may be used for Administrative Offices purposes only, to include functions involving public access; such as human resource functions, purchasing department functions, real estate service functions, etc., but excluding high volume cash payment operations such as utility payment functions.

5. **OPERATING EXPENSES.** Except as expressly provided otherwise herein, Lessor shall pay for all property taxes, property insurance, utilities, janitorial and common area maintenance ("Operating Expenses") for the first twelve months of the Lease ("Base Year"). Following the Base Year, Lessee shall be responsible for its pro rata share, based upon percentage of non-common area space leased, of any increase in the actual Operating Expenses over that which was incurred during the Base Year. Notwithstanding the foregoing, the annual increase shall not be more than 3% per year. Lessee will be responsible for its own data and phone systems and any associated plans/fees. In the event Lessee co-locates in Lessor's data center ("Data Center"), it shall be responsible for any increase in the Data Center costs resulting from such use. LESSEE EXPRESSLY AGREES THAT USE OF THE DATA CENTER IS AT LESSEE'S SOLE RISK. LESSOR DOES NOT WARRANT THAT THE SERVICE WILL BE UNINTERRUPTED OR ERROR FREE; NOR DOES LESSOR MAKE ANY WARRANTY AS TO THE RESULTS TO BE OBTAINED FROM USE OF THE DATA CENTER. THE DATA CENTER IS PROVIDED ON AN "AS IS" BASIS WITHOUT EXPRESS OR IMPLIED WARRANTIES OF ANY KIND. SPECIFICALLY, THERE IS NO EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE FOR THE SERVICES TO BE PROVIDED HEREUNDER.

6. **MAINTENANCE.** Lessor shall repair and maintain the roof, foundation and load bearing walls, structural columns and beams; provided, that Lessee promptly notifies Lessor of any need for repair or maintenance and unless such maintenance or repair is caused in whole or in part by the neglect or action of Lessee or its agents or employees.

7. **IMPROVEMENTS.** Lessor will demise the space and make the improvements listed on Exhibit B, attached. In addition, Landlord will steam clean carpets, touch-up paint any marks/damages to walls, replace any stained or damaged ceiling tiles, and complete other minor repairs, if applicable, to make the Premises in move-in condition prior to tenant occupancy. Excepting these improvements, Lessee agrees to take the space in AS-IS condition and will itself make any other necessary improvements to the space. Lessor must approve any Lessee improvements in writing prior to the beginning of such construction.

8. **SIGNAGE.** Lessee to have name on monument sign at Lessee's expense. Lessee to submit drawing for review and approval by Lessor.

9. **COMPLIANCE WITH LAWS.** Lessee will promptly comply with and abide by all applicable laws, ordinances, and regulations of federal, state, county, municipal and other lawful authority pertaining to the use and occupancy of the Premises and the business conducted and to be conducted therein.

10. **ASSIGNMENT AND SUBLETTING.** Lessee shall not have the right to assign or sublet without Lessor's written consent, which shall not be unreasonably withheld.

11. **BANKRUPTCY.** Should Lessee make an assignment for benefit of creditors, or be adjudicated bankrupt, such action shall constitute a breach of this Lease for which all rights of Lessee or Lessee's successors in interest under this Lease shall automatically terminate.

12. **ATTORNEYS' FEES.** In the event of litigation concerning this Lease, the prevailing party shall be entitled to recover from the other party all its costs and expenses, including reasonable attorneys fees.

13. **DEFAULT.** In the event Lessee shall fail to pay any installment of rent as provided herein within ten (10) days from the date due, or if Lessee fails to cure any other default under this Lease within twenty (20) days after receipt of the written notice of such default by Lessor, Lessor may terminate this Lease without further notice and may immediately recover from Lessee all rent and other sums due by Lessee hereunder during the term hereof or Lessor may cure such default and the expense of the curative action shall be added to the rent otherwise due, or Lessor may enforce performance in any manner provided by law, and, in any event, Lessor may re-enter the Premises without further notice and remove all persons from Lessor's property without being liable for trespass and without prejudice to any right or remedy for arrears of rent or breach of covenant, and Lessor may resume possession of the property and relet the same for the remainder of the then operative term, or may, Lessor's option, in lieu of terminating the Lease, from time to time or at any time bring an action or actions for recovery of the rent due and unpaid or for any installment or installments thereof, or the Lessor may re-enter and relet the Premises in Lessor's name, but for the account of the Lessee, as agent, for a period equal to or greater or less than the remainder of the term hereof for any sum or sums which Lessor may deem reasonable to any tenant or tenants and apply the sums received from such reletting to the rents due hereunder by Lessee. In such event, if there is any surplus amount received by Lessor over and above the rent and other sums due by Lessee hereunder and the expenses, including reasonable attorneys' fees, for such reletting, Lessee shall be entitled thereto at the end of the term herein provided for. Any deficit after deduction for all reasonable costs, expenses, including Lessor's reasonable attorneys' fees, shall be recoverable by Lessor by suit against Lessee in appropriate proceedings. Lessor shall have a lien and security interest upon the inventory, fixtures, equipment and other personal property belonging to Lessee which are on the Premises, as security for unpaid rent and other sums due by Lessee hereunder and shall be entitled to all of the remedies available to Lessor under the Uniform Commercial Code or other laws of the State of Georgia. Notwithstanding the foregoing, Lessor agrees to subordinate its lien for rent to liens and security interests in favor of institutional lenders, purchase money creditors and holders of Lessee's subordinated convertible debentures now outstanding or hereafter issued.

14. **QUIET ENJOYMENT.** Lessee, upon paying the rent and performing the covenants and agreements of this Lease, shall quietly have, hold and enjoy the Premises and all rights granted Lessee in this Lease during the term hereof.

15. **INDEMNIFICATION.** To the extent permissible by law and without waiver of sovereign immunity, Lessee hereby agrees to indemnify and hold Lessor harmless from and against any and all penalties, claims, demands and liability of whatsoever kind or nature including attorneys fees that may be made or sought against Lessor or the Premises arising out of

or in any way connected with Lessee's occupancy, use, maintenance or operation of the Premises and Lessee shall defend Lessor from and against each and every such claim.

16. **HOLDING OVER.** If Lessee shall remain in possession of the Premises after expiration of the term hereof, Lessee shall be a tenant at will and there shall be no renewal of this Lease by operation of law. The monthly rent during any period beyond the term hereof shall be twice the rent for the last month of the term.

17. **LATE PAYMENT PENALTY.** In the event any rent or other payment due hereunder shall not be paid within five (5) days after such payment is due, then, in addition to any and all other rights or remedies Lessor shall have, Lessee shall pay Lessor a late payment penalty of five percent (5%) of the amount of such late payment.

18. **EXCULPATORY CLAUSE.** Lessor's liability under this Lease shall be limited to Lessor's ownership interest in the Premises.

19. **SUBORDINATION.** Lessee hereby agrees that its leasehold interest hereunder is automatically subordinate to any mortgage now or hereafter placed on the Premises; provided, as a condition to such subordination as to mortgages hereafter entered into, such mortgagee shall expressly covenant, or such mortgage shall expressly provide, that so long as Lessee is not in default under this Lease, Lessee's quiet possession of the Premises Leased hereunder shall remain undisturbed on the terms and conditions stated herein, whether or not the mortgage is in default and notwithstanding any foreclosure or other action brought by the holder of the mortgage in connection therewith.

20. **PARKING.** Lessor will add approximately five new "Visitor" parking spaces near the front entrance of the building. Lessor will create an equitable first come first served parking in front lot for those spaces which are not already encumbered by an existing lease or sublease. The building's south lot will be first come first served. Parking is more particularly detailed on the parking plan attached as Exhibit C.

In the event Lessor expands common parking on the Property by at least 40 paved and striped parking spaces, OR if Savannah Chatham Parkway Property, LLC purchases the City Lot on Police Memorial, then the Base Rent as reported in Section 3 will increase by \$0.33 per square foot per year (equating to \$1,004.79 per month) for the remaining term of the Lease.

If the City of Savannah parking overflows into the City of Savannah owned lot on Police Memorial Drive, then the City of Savannah will be responsible for maintenance of their lot.

21. **FURNITURE.** The Lessee may utilize the existing office furniture currently in the leased Premises, provided that Lessee pays for any moving, removing, or altering of the office furniture. For additional furniture, Lessee agrees to utilize Lessor's preferred office furniture vendor. Any additional furnishings must be approved in writing in advanced by Lessor. All office furniture remains the property of the Lessor. Lessee agrees to maintain the existing furniture in good condition throughout the Term and any extensions thereof.



22. **NOTICES.** Any notices required or permitted hereunder shall be in writing and delivered by United States certified mail, return receipt requested, postage fully prepaid, to the following addresses (or to such other address as either party may designate in writing and deliver as herein provided):

LESSOR: Savannah Chatham Parkway Property, LLC  
725 Broad Street  
Augusta, Georgia 30901  
Attn: Will S. Morris IV  
Copy to: Robert J. Kuhar

LESSEE: City Manager  
City of Savannah  
P.O. Box 1027  
Savannah, GA 31402

City Attorney  
City of Savannah  
P.O. Box 1027  
Savannah, GA 31402

Real Property Director  
City of Savannah  
P.O. Box 1027  
Savannah, GA 31402  
dkeating@savannahga.gov  
912-651-6524 (phone)

William Shearouse  
WSWGS  
14 E. State Street  
Savannah, GA 31401  
[Wshearouse@wswgs.com](mailto:Wshearouse@wswgs.com)  
912-233-2251

23. **COMPLETE AGREEMENT.** This Lease contains a complete expression of the agreement between this parties on the subjects herein set forth and there are no promises, representations or inducements except such as are herein provided.

24. **MISCELLANEOUS.** Subject to the provisions hereof, this Lease shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns. It is a Georgia contract and shall be construed in accordance with Georgia law.

(Signatures Follow)

IN WITNESS WHEREOF, this instrument is executed as of the day and year first above written.

Signed and delivered  
in the presence of:

SAVANNAH CHATHAM PARKWAY  
PROPERTY, LLC, a Georgia limited  
liability company

Print Name: J. S. MORAN  
Its: CEO

LESSOR

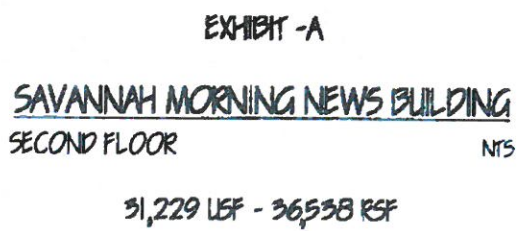
MAYOR AND ALDERMAN OF THE  
CITY OF SAVANNAH

Print Name: \_\_\_\_\_  
Its: City Manager

LESSEE

As to Lessor

As to Lessee



7/31/17

## **Exhibit B**

### **Landlord's Work**

- **See Exhibit A – Floorplan**
  1. **Demountable partitions for the 9 new offices, storage room and the demising walls from common area.**
  2. **Pair of fire rated doors in corridor near server room.**
  3. **Pair of doors with side lights to match existing at common to existing admin area.**
  4. **New partition separating IT from ramp leading to Data Center.**
  5. **Expansion of card reader system. (at all entrances to suite)**
  6. **Associated electrical, switching and relocating of lights**



## EXHIBIT C

