

RESOLUTION NO. 08-082

A RESOLUTION OF THE CAROLINE STREET CORRIDOR AND BAHAMA VILLAGE COMMUNITY REDEVELOPMENT AGENCY (CRA) APPROVING THE ATTACHED ASSIGNMENT OF LEASE FROM SOUTHARD MARKETS, INC. d/b/a WATERFRONT MARKET (ASSIGNOR) TO UNITED NATURAL FOODS, INC. (ASSIGNEE) FOR THE PROPERTY LOCATED AT 201 WILLIAM STEET; PROVIDING FOR AN EFFECTIVE DATE

BE IT RESOLVED BY THE CAROLINE STREET CORRIDOR AND BAHAMA VILLAGE COMMUNITY REDEVELOPMENT AGENCY, AS FOLLOWS:


Section 1: That Lessor hereby consents to the assignment of the leasehold at 201 William Street in the Key West Bight, as provided in the attached Assignment of Lease Agreement.

Section 2: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Agency.


Passed and adopted by the Caroline Street Corridor and Bahama Village Community Redevelopment Agency at a meeting held this 4th day of March, 2008.

Authenticated by the presiding officer and Clerk of the Agency on March 5, 2008.

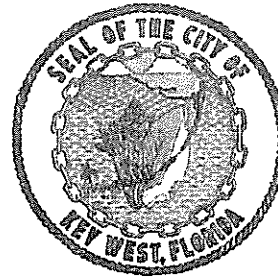
Filed with the Clerk March 5, 2008.


MORGAN MCPHERSON, CHAIRMAN

ATTEST:


CHERYL SMITH, CITY CLERK

Executive Summary



TO: Jim Scholl
City Commission

CC: Raymond Archer

FR: Marilyn Wilbarger, RPA, CCIM

DT: February 26, 2008

RE: Lease Assignments for Southard Market at 201 William and Lazy Way Unit I

ACTION STATEMENT

This is a request to approve lease assignments for Southard Markets Inc. as assignor and United Natural Foods, Inc. as assignee.

HISTORY

The CRA entered into a ten-year lease for the market that will expire in September of 2017 and a five-year lease for the Lay Way Unit I that will expire in January of 2012.

Southard Markets has entered in to a purchase agreement with United Natural Foods for the sale of the business and the tenant is requesting a simple assignment meaning that no conditions or requirements of the lease change. United Natural Foods is a leading national distributor of natural and organic foods and is a publicly traded corporation based out of Dayville, Connecticut. Company sales reached 2.7 billion dollars in 2007 and the company's stock traded from \$24 - \$33 per share in the first fiscal quarter of 2008.

In order to facilitate this request and ensure that the city retains a viable tenant there have been changes incorporated into the lease assignments as follows:

1. The assignee will provide letters of credit equal to six months total rent for each lease that must be valid throughout the term of the lease.
2. The bankruptcy language adopted by the city has been added.
3. The lease assignment re-states the terms of the current lease wherein the current tenant is not released from obligations for rent should the assignee default.
4. The assignment is valid only through the closing date as stated in the purchase agreement.

FINANCIAL STATEMENT:

The current tenant has met all of the financial obligations of the leases and the rents will continue pursuant to the existing leases. The financial safeguards incorporated into the lease assignments will provide the means to ensure that rent will be paid for an adequate period of time to regain possession in the event of a default. Additionally, Section 10 of the current lease calls for a transfer fee of up to \$500 to offset the Landlord's costs.

RECOMMENDATION:

The leases provide for the assignments as described in Section 10 and state that the Tenant shall have the right to assign the Leases with the Landlord's consent.

Based upon the information presented, staff believes that the proposed assignee is financially sound, highly experienced and well qualified to operate the Waterfront Market.

ATTACHMENTS:

Assignment Request

United Natural Foods letter

Lease Assignments

Leases

Lease Amendments

United Natural Foods Annual Report

LAW OFFICE
CATHERINE W. ZIPPAY
Trial Lawyers Building - Suite 201
633 Southeast Third Avenue
Fort Lauderdale, Florida 33301-3151
cwzlaw@bellsouth.net

Telephone: 954-463-6888 X302

Facsimile: 954-463-0628

February 11, 2008

Marilyn Wilbarger
Key West Property Manager
P.O. Box 1409
Key West, FL 33041

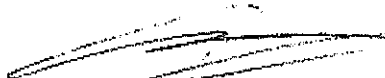
Re: Key West Bight Management District Board
February 20, 2008 Meeting

Dear Ms. Wilbarger:

As you know, I represent Southard Markets Inc., d/b/a/ Waterfront Market. Southard Markets Inc. has negotiated the sale of Waterfront Market to United Natural Foods, Inc., contingent upon the City of Key West assigning its two current leases to United Natural Foods, Inc. We are requesting the Key West Bight Management District Board's recommendation/approval of the assignment of both leases.

By this letter I am requesting that you place this matter on the February 20, 2008, agenda of the Key West Bight Management District Board. Should you need any additional information in order to do so, please so notify me at your earliest convenience. It is my understanding that United Natural Foods, Inc., is submitting financial information which can be attached to this letter.

Sincerely,



Catherine W. Zippay

cc: Southard Markets d/b/a Waterfront Market
United Natural Foods, Inc.

UNITED NATURAL FOODS, INC.
NATURAL RETAIL GROUP
30555 US Hwy 19 North
Palm Harbor, FL 34684

February 14, 2008

Members of the Bight Board

At the request of Marilyn Wilbarger, I am introducing United Natural Foods, Inc. ("UNFI").

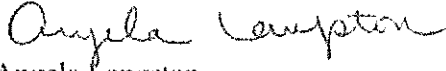
As you will see from the materials provided, UNFI is the leading distributor of natural products in the United States. Our wholesale distribution operations are divided into four principal units: United Natural Foods, Eastern Region; United Natural Foods, Western Region; Albert's Organics; and Select Nutrition. Natural Retail Group is UNFI's retail subsidiary, with nine stores in Florida, two in Maryland and one in Massachusetts. This diversity allows us to operate with the resources of a large company yet the retail focus of a small company.

With the Waterfront Market, as its name will remain under our ownership, we plan to preserve the current appeal of the market while enhancing that appeal so as to provide an even fuller experience for our customers. We will continue to buy fresh fish from local fisherman, and will offer that fish along with the fresh meats and cheeses that are currently available. We plan to expand the deli area, offering more variety in freshly prepared foods, such as cold foods, hot foods, soups, salad bar, and ready to eat foods. We also plan to offer more variety of grocery and supplement products, always keeping customer requests at the forefront.

We will work closely with the community in a partnership that augments the needs of that community, while allowing us to operate a successful business. It is the community that allows a business to ultimately be what it is. We are open to the possibility of relocating the loading dock as we understand that it currently resides on the pedestrian side of the building. We will begin researching the approach and methods that we would need to undertake in order to make that change possible once we have acquired the Waterfront Market.

As we continue to finalize our transaction to purchase the assets of Waterfront Markets, we are impressed with Russ Pantelis' commitment to the community, and we hope to maintain and if possible enlarge this commitment in our own way. Our main goal, however, is always to provide the largest selection and highest quality of natural products at reasonable prices to Key West consumers.

Sincerely,


Angela Langston

ASSIGNMENT OF LEASE AGREEMENT AND CONSENT OF LESSOR

THIS ASSIGNMENT is made this 4th day of ~~February~~^{MARCH}, 2008, by and between SOUTHARD MARKETS, INC., as assignor, to UNITED NATURAL FOODS, INC., as assignee.

The assignor, in consideration of the covenants and agreements contained herein, assigns and transfers to assignee the lease agreement (hereinafter "Agreement"), dated 7/04/07, executed by Russell Pantelis, individually and as President of Southard Markets, Inc., as Lessee and by Morgan McPherson, Chairman of the Caroline Street Corridor and Bahama Village Community Redevelopment Agency, as Lessor. The Agreement pertains to real property located at 201 William Street, in Monroe County, Florida, and more particularly described on Exhibit "A", which is attached hereto and incorporated by reference.

1. The assignor assigns and transfers unto the assignee all of its right, title, and interest in and to the Agreement and amendment thereof, and premises, subject to all the conditions and terms contained in the Agreement as amended. Copies of the Agreement and amendments of the Agreement are attached hereto, incorporated by reference, and more particularly described as Exhibits "B".

2. The assignor herein expressly agrees and covenants that it is the lawful and sole owner of the interest assigned herein; that this interest is free from all encumbrances; and that it has performed all duties and obligations and made all payments required under the terms and conditions of the lease agreement.

3. The assignor herein expressly acknowledges, pursuant to paragraph 8 of the Agreement, that this assignment shall not relieve assignor from liability for payment of rent or from the obligation to keep and be bound by the terms, conditions, and covenants contained in the Agreement.

4. The assignee herein expressly agrees herein to be liable for all the duties and obligations required by the terms of the lease agreement. The assignee expressly agrees herein to pay all rent due after the effective date of this agreement, and to assume and perform all duties and obligations required by the terms of the lease agreement.

5. This assignment is contingent upon the completion of the sale between the assignor and assignee of the business conducted on the subject premises. This assignment will become null and void if closing does not occur on or before March 14, 2008.

6. No later than the effective date of this assignment, the assignee herein expressly agrees to provide to the lessor a letter of credit from a federally insured bank in favor of lessor as security for the faithful performance by assignee of the terms, conditions and covenants of the Agreement. The amount of the letter of credit shall be equal to six months of the total rent pursuant to paragraph 3 of the Agreement.

7. In the event assignee files any form of bankruptcy, lessor shall be entitled to immediate termination of the automatic stay provisions of 11 U.S.C. §362, granting the lessor complete relief and allowing the lessor to exercise all of its legal and equitable rights and remedies, including, without limitation, the right to terminate this lease and dispossess assignee from the demised premises in accordance with Florida law. Additionally, assignee agrees not to directly or indirectly oppose or otherwise defend against the lessor's effort to gain relief from any automatic stay. The lessor shall be entitled as aforesaid to the lifting of the automatic stay without the necessity of an evidentiary hearing and without the necessity or requirement of the lessor to establish or prove the value of the leasehold, the lack of adequate protection of his interest in the leasehold, or the lack of equity in the same. Assignee specifically agrees and acknowledges that the lifting of the automatic stay hereunder by the appropriate bankruptcy court shall be deemed to be "for cause" pursuant to section 362(d)(1).

ASSIGNOR:

Christine Wiseman
Witness as to Assignor

Russell Pantelis
Russell Pantelis, Individually and President,
Southard Markets, Inc.

Smith Zaid
Witness as to Assignor

ASSIGNEE:

UNITED NATURAL FOODS, INC.

Joni M. Dermott
Witness as to Assignee

By: Daniel V. Atwood
Daniel V. Atwood, Executive VP

JR
Witness as to Assignee

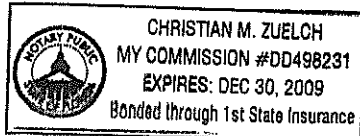
State of Florida }
County of Monroe }

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgements, Russell Pantelis, to me personally known or who provided _____ as photo identification, and who executed the foregoing instrument and he/she acknowledged before me that he/she executed the same individually and for the purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State last aforesaid, this 20th day of February, 2008.

Christian M. Zuelch
Notary Public, State of Florida

My Commission Expires:



State of Connecticut
County of Windham

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgements, Daniel V. Atwood, to me personally known or who provided Connecticut Driver License as photo identification, and who executed the foregoing instrument and he/she acknowledged before me that he/she executed the same individually and for the purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State last aforesaid, this 19th day of February, 2008.

Carrie L. Walker
Notary Public, State of ~~Florida~~
Connecticut

My Commission Expires:

CARRIE L. WALKER
NOTARY PUBLIC
MY COMMISSION EXPIRES FEB. 28, 2010

CONSENT OF LESSOR

I, MORGAN McPHERSON, the Lessor named in the above assignment of that lease agreement executed by us on MARCH 5, 2008, herein expressly consent to that assignment.

I also consent to the agreement by the assignee to assume, after the effective date of the assignment, the payment of rent and the performance of all duties and obligations as set forth in the lease and accept assignees as tenant in the place of Southard Markets, Inc alone.

Wendy S. Walsh
Witness as to Lessor

LESSOR:
[Signature]

Witness as to Lessor

State of Florida }
County of Monroe }

I HEREBY CERTIFY that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgements, MORGAN McPHERSON, to me personally known ~~or who provided~~ as photo identification, and who executed the foregoing instrument and he/she acknowledged before me that he/she executed the same for the purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State last aforesaid, this 5th day of March, 2008.

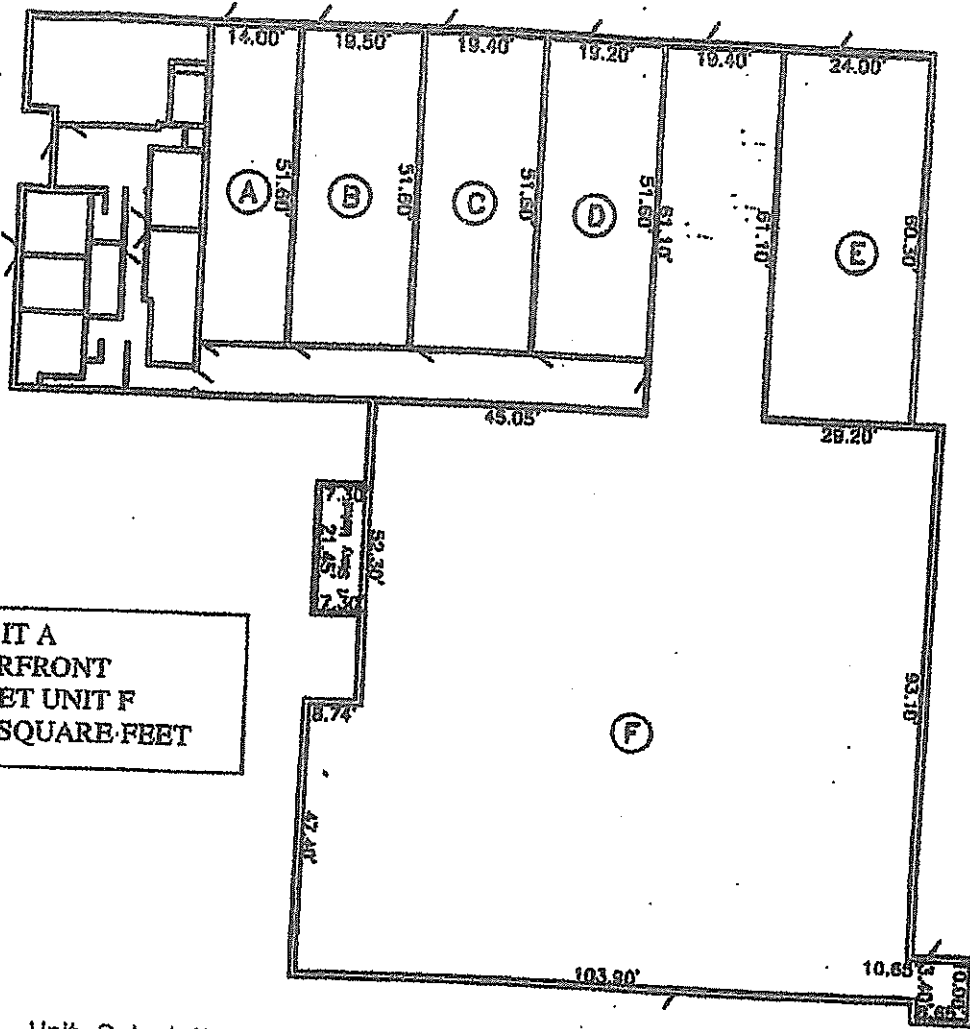
Susan P. Harrison
Notary Public, State of Florida

My Commission Expires:



SUSAN P. HARRISON
Commission DD 652993
Expires April 8, 2011
Bonded Thru Troy Pain Insurance 800-385-7010

EXHIBIT "A" Demised Premises, Site Plan



**EXHIBIT A
WATERFRONT
MARKET UNIT F
1,178 SQUARE FEET**

Unit	Unit Calculations:	Square Footage
A		722
B		1006
C		1001
D		991
E		1447
F		11178

LANDLORD: *[Signature]* TENANT: _____

: Unit F includes metal shed.

of Key West
West Bight, Key West, Florida 33040

Public Purpose Survey		Dwn No.: 06-160
1" = 30'	Ref. file 186-18	Flood panel No. 1516 K
2/27/06	Flood Zone: AE-VE	Dwn. By: F.H.H. Flood Elev. 7'-10'
REVISIONS AND/OR ADDITIONS		

FREDERICK H. HILDEBRANDT
ENGINEER PLANNER SURVEYOR

3152 Northside Drive
Suite 201
Key West, Fl. 33040
(305) 293-0466
Fax: (305) 293-0237

EXHIBIT B

RESOLUTION NO. 07-440

A RESOLUTION OF THE CAROLINE STREET CORRIDOR AND BAHAMA VILLAGE COMMUNITY REDEVELOPMENT AGENCY (CRA) APPROVING THE ATTACHED SECOND AMENDMENT TO LEASE BETWEEN THE CRA AND SOUTHARD MARKETS, INC. d/b/a WATERFRONT MARKET FOR THE PROPERTY LOCATED AT 201 WILLIAM STREET; PROVIDING FOR AN EFFECTIVE DATE

BE IT RESOLVED BY THE CAROLINE STREET CORRIDOR AND BAHAMA VILLAGE COMMUNITY REDEVELOPMENT AGENCY, AS FOLLOWS:

Section 1: That the attached Second Amendment to Lease is hereby approved.

Section 2: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Agency.

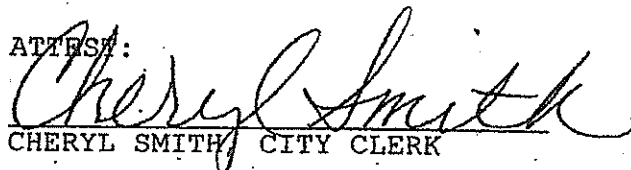
Passed and adopted by the Caroline Street Corridor and Bahama Village Community Redevelopment Agency at a meeting held this 4th day of December, 2007.

Authenticated by the presiding officer and Clerk of the Agency on December 5, 2007.

Filed with the Clerk December 5, 2007.


MORGAN MCPHERSON, CHAIRMAN

ATTEST:


CHERYL SMITH, CITY CLERK

SECOND ADDENDUM TO LEASE AGREEMENT BETWEEN THE CAROLINE STREET CORRIDOR AND BAHAMA VILLAGE COMMUNITY REDEVELOPMENT AGENCY (CRA) AND SOUTHARD MARKETS, INC D/B/A WATERFRONT MARKET APPROVED BY RESOLUTION 07-239

WHEREAS, the parties desire to amend the Lease Agreement approved by Resolution 07-239.

WHEREAS, the parties previously executed a First Addendum to the Lease Agreement that was approved by City commission Resolution 07-342.

Now, in consideration of the mutual obligations described below and in the original lease agreement, the Parties agree as follows:

- A. Paragraph 1.5.2 shall be amended to include the following language "Tenant shall have the option for 180 days commencing December 1, 2007 to terminate this lease and Tenant shall thereafter be released from any further obligation to Landlord respecting the lease term. Notice of exercise of the option of termination shall be delivered in writing on or before February 29, 2007."
- B. The following language shall be added to Section 3, "Term", unnumbered paragraph two entitled "Right to Terminate": "Tenant shall have the option for 180 days commencing December 1, 2007 to terminate this lease and Tenant shall thereafter be released from any further obligation to Landlord respecting the lease term. Notice of exercise of the option of termination shall be delivered in writing on or before February 29, 2008 in order to effectively terminate the Lease Agreement under this paragraph. Failure of the Tenant to notify the Landlord by such date will result in a waiver of the option to terminate and recognition that the expiration date of the Lease is midnight on September 30, 2017."
- C. Except as modified herein, the Lease Agreement as amended shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused the foregoing first addendum to be executed on the day and year indicated below.



Gregory Smith
City Clerk

Dated: 12-13-07

Wendy L. Valdez

Witness name: WENBY L. VALDEZ

Dated: 12/13/07

LANDLORD

Morgan McPherson

Morgan McPherson, Chairman
Caroline Street Corridor and Bahama Village
Community Redevelopment Agency

Dated: 12/16/07

TENANT

Russell Pantelis

Russell Pantelis, Individually and on behalf of
Southard Market, Inc.

Dated: 12/12/07

RESOLUTION NO. 07-342

A RESOLUTION OF THE CAROLINE STREET CORRIDOR AND BAHAMA VILLAGE COMMUNITY REDEVELOPMENT AGENCY (CRA) APPROVING THE ATTACHED FIRST AMENDMENT TO LEASE BETWEEN THE CRA AND SOUTHARD MARKETS, INC. d/b/a WATERFRONT MARKET FOR THE PROPERTY LOCATED AT 201 WILLIAM STREET; PROVIDING FOR AN EFFECTIVE DATE

BE IT RESOLVED BY THE CAROLINE STREET CORRIDOR AND BAHAMA VILLAGE COMMUNITY REDEVELOPMENT AGENCY, AS FOLLOWS:

Section 1: That the attached First Amendment to Lease is hereby approved.

Section 2: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Agency.


Passed and adopted by the Caroline Street Corridor and Bahama Village Community Redevelopment Agency at a meeting held this 19 day of September, 2007.

Authenticated by the presiding officer and Clerk of the Agency on September 20, 2007.

Filed with the Clerk September 20, 2007.


MORGAN MCPHERSON, CHAIRMAN

ATTEST:


CHERYL SMITH, CITY CLERK

**FIRST AMENDMENT TO LEASE AGREEMENT BETWEEN THE CAROLINE
STREET CORRIDOR AND BAHAMA VILLAGE COMMUNITY
REDEVELOPMENT AGENCY (CRA) AND SOUTHARD MARKETS, INC D/B/A
WATERFRONT MARKET APPROVED BY RESOLUTION 07-239**

WHEREAS, The parties desire to amend the Lease Agreement approved by Resolution 07-239.

Now, in consideration of the mutual obligations described below and in the original lease document, the Parties agree as follows:

- A. Paragraph 1.5.1 shall be amended to read "Commencement Date October 1, 2007".
- B. Paragraph 1.5.2 shall be amended to include the following language "Tenant shall have the option for 90 days following lease execution to terminate this lease and Tenant shall thereafter be released from any further obligation to Landlord. Notice of exercise of the option of termination shall be delivered in writing not less than 30 days prior to the effective date of the lease termination provided herein."
- C. The first paragraph of Section 3 entitled "Term" is amended to read "The term of this Lease shall be for ten (10) years, which shall commence on October 1, 2007 and shall end at midnight on September 30, 2017 unless sooner terminated as provided for herein."
- D. The following language shall be added to Section 3, "Term", unnumbered paragraph two entitled "Right to Terminate": "Tenant shall have the option for 90 days following lease execution to terminate this lease and Tenant shall thereafter be released from any further obligation to Landlord. Notice of exercise of the option of termination shall be delivered in writing not less than 30 days prior to the effective date of the lease termination provided herein."
- E. Section 13, "Tenant's Default", paragraph (c) entitled "Bankruptcy or Insolvency shall be amended to read "IN THE EVENT TENANT FILES ANY FORM OF BANKRUPTCY, LANDLORD SHALL BE ENTITLED TO IMMEDIATE TERMINATION OF THE AUTOMATIC STAY PROVISIONS OF 11 U.S.C. §362, GRANTING THE LANDLORD COMPLETE RELIEF AND ALLOWING THE LANDLORD TO EXERCISE ALL OF HIS LEGAL AND EQUITABLE RIGHTS AND REMEDIES, INCLUDING, WITHOUT LIMITATION, THE RIGHT TO TERMINATE THIS LEASE AND DISPOSSESS TENANT FROM THE DEMISED PREMISES IN ACCORDANCE WITH FLORIDA LAW. ADDITIONALLY, TENANT AGREES NOT TO DIRECTLY OR INDIRECTLY OPPOSE OR OTHERWISE DEFEND AGAINST THE LANDLORD'S EFFORT TO GAIN RELIEF FROM ANY AUTOMATIC STAY. THE LANDLORD SHALL BE ENTITLED AS AFORESAID TO THE LIFTING OF THE

AUTOMATIC STAY WITHOUT THE NECESSITY OF AN EVIDENTIARY HEARING AND WITHOUT THE NECESSITY OR REQUIREMENT OF THE LANDLORD TO ESTABLISH OR PROVE THE VALUE OF THE LEASEHOLD, THE LACK OF ADEQUATE PROTECTION OF HIS INTEREST IN THE LEASEHOLD, OR THE LACK OF EQUITY IN THE SAME. TENANT SPECIFICALLY AGREES AND ACKNOWLEDGES THAT THE LIFTING OF THE AUTOMATIC STAY HEREUNDER BY THE APPROPRIATE BANKRUPTCY COURT SHALL BE DEEMED TO BE "FOR CAUSE" PURSUANT TO SECTION 362(D)(1).

Additionally, should Tenant make an assignment for the benefit of creditors; or sheriff, marshal, or constable take possession thereof by virtue of any attachment or execution proceedings and offer same for sale publicly, and such taking and offer for sale is not rescinded, revoked, or set aside within ten (10) days thereafter, then LANDLORD may at its option, in any of such events, immediately take possession of the demised premises and terminate this lease. Upon such termination, all installments of rent earned to the date of termination and unpaid, shall at once become due and payable; in addition thereto, LANDLORD shall have all rights provided by said bankruptcy laws relative to the proof of claims on an anticipatory breach of an executory contract. The grace period for curing of default shall not apply to this event of default"

- E. Except as modified herein, the terms of Lease Agreement passed in resolution 07-239 shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused the foregoing First Amendment to be executed on the day and year indicated below.



Dated: 9-20-07

LANDLORD

Morgan McPherson
Morgan McPherson, Chairman
Caroline Street Corridor and Bahama
Village Community Redevelopment Agency

Dated: 9-20-07

TENANT

Susan P. Harris

Witness name: SUSAN P. HARRIS

Dated: 9-24-2007

Russell Pantelis
Russell Pantelis, Individually and on behalf
of Southard Market, Inc.

Dated: 9/24/07

RESOLUTION NO. 07-239

A RESOLUTION OF THE CAROLINE STREET CORRIDOR AND BAHAMA VILLAGE COMMUNITY REDEVELOPMENT AGENCY (CRA) APPROVING THE ATTACHED LEASE BETWEEN THE CRA AND SOUTHARD MARKETS, INC. d/b/a WATERFRONT MARKET FOR THE PROPERTY LOCATED AT 201 WILLIAM STREET; PROVIDING FOR AN EFFECTIVE DATE

BE IT RESOLVED BY THE CAROLINE STREET CORRIDOR AND BAHAMA VILLAGE COMMUNITY REDEVELOPMENT AGENCY, AS FOLLOWS:

Section 1: That the attached lease is hereby approved.

Section 2: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Agency.

Passed and adopted by the Caroline Street Corridor and Bahama Village Community Redevelopment Agency at a meeting held this 3 day of July, 2007.

Authenticated by the presiding officer and Clerk of the Agency on July 5, 2007.

Filed with the Clerk July 5, 2007.


MORGAN MCPHERSON, CHAIRMAN

ATTEST:

CHERYL SMITH, CITY CLERK

KEY WEST
PORT OPERATIONS DEPARTMENT
MEMORANDUM



TO: Jim Scholl
City Commission

FR: Marilyn Wilbarger, RPA, CCIM, Property Manager *MW*

DT: June 21, 2007

RE: Executive Summary – Lease Renewal Waterfront Market

ACTION STATEMENT

This is a request to consider a lease renewal for Southard Market, Inc. DBA The Waterfront Market.

HISTORY

The Waterfront Market lease has been expired since the January 2006. The city and the tenant have worked continuously on the negotiations for a lease renewal and the Key West Bight Board has approved the following terms:

Demised Premises: 11,178 NET USABLE SQUARE FEET

REDEVELOPMENT: In the event LANDLORD desires to redevelop the west side of the property currently used as TENANT'S loading dock and parking area TENANT agrees to negotiate in good faith with the LANDLORD to re-locate TENANT'S loading dock, refrigerated storage, service access and parking area to allow such development.

EXPANSION/RIGHT OF FIRST REFUSAL: TENANT shall have the exclusive right to seek approval to develop the rooftop area of the Market at any time during this lease subject to rent and terms to be negotiated.

OUTDOOR STORAGE: TENANT shall have the right to store an emergency generator only in the loading area on the east side of the Demised Premises.

PARKING: 23 spaces as depicted on Exhibit A-1 reserved for Waterfront Market parking, at no charge during TENANT'S established hours of operation. Spaces will be metered for the benefit of the City at all other times.

EXTERIOR USES: Tenant shall have the right to use the exterior areas as depicted on "EXHIBITA-1" and no additional charge. These areas will not be included in TENANT'S net usable square feet for purposes of

calculating TENANT'S proportionate share of CAM, taxes and insurance. The areas are labeled and defined as follows:

- Area 1: 23 parking spaces
- Area 2: TENANT'S exclusive loading dock and 3 bays
- Area 3: Non-exclusive bay, ramps and pedestrian area
- Area 4: TENANT'S exclusive loading dock until notice to proceed is issued for construction of handicapped access
- Area 5: TENANT'S exclusive front covered entry
- Area 6: TENANT'S Refrigeration Racks

Use: Wholesale and retail food distribution including grocery market, coffee bar, juice bar, seafood products, bakery, wine, beer and no other purpose. Waterfront Market shall have an exclusive right to operate a wholesale/retail grocery store, seafood market, deli, wine and beer package sales, and full service bakery at 201 William Street.

Term: Ten years, Effective July, 2007

Rent: \$16.25 per square foot

Increases: 5% annually

Additional Rent: Tenant shall pay its pro-rate share of CAM, Taxes, and insurance Based upon 11,178 net usable square feet

Percentage Rent: No percentage rent

Utilities: Tenant shall pay for all utility usage.

ADVANTAGES/DISADVANTAGES:

Advantages: Waterfront Market provides residents of the surrounding area and visitors to the Historic Seaport with groceries, fresh fish, baked goods, beer and wine, and a deli.

Disadvantages: The tenant has exclusive right to these uses in the 201 William Street building limiting the Landlord's ability to rent to any other tenants that may compete.

FINANCIAL STATEMENT: The proposed rent is approximately 40% less than the rental rates for other anchor tenants in the Key West Bight however the rate approved is based upon the use as a grocery store and the ancillary uses.

RECOMMENDATION:

The Key West Bight Board has approved the proposed terms.

ATTACHMENTS:

Draft Lease

Lease Agreement

between

**Caroline Street Corridor and
Bahama Village Community
Redevelopment Agency**

as Landlord

and

Southard Market, Inc.

as Tenant

Dated _____

THIS LEASE is made as of the ____ day of _____, 2007 by and between the LANDLORD and TENANT identified below:

1. INFORMATION PROVISIONS:

1.1 LANDLORD'S NAME & MAILING ADDRESS:

Caroline Street Corridor and
Bahama Village Community
Redevelopment Agency,
P.O. Box 6434
Key West, Fl 33040

1.2 TENANT'S NAME & MAILING ADDRESS:

Southard Market, Inc.
201 William Street
Key West, FL 33040

TENANT'S TRADE NAME: Waterfront Market

1.3 GUARANTOR (S) AND ADDRESS: Russell Pantelis

1.4 DEMISED PREMISES (Section 2): as per EXHIBIT "A" located at 201 William Street in the KEY WEST BIGHT (hereinafter referred to as the "Property").

11,178 NET USABLE SQUARE FEET

PROPORTIONATE SHARE OF THE TOTAL NET USABLE SQUARE FEET:

TENANT'S Proportionate Share is based upon TENANT'S Net Usable Square Feet as it relates to the Total Net Usable Square Feet of the Key West Bight

REDEVELOPMENT: In the event LANDLORD desires to redevelop the west side of the property currently used as TENANT'S loading dock and parking area TENANT agrees to negotiate in good faith with the LANDLORD to re-locate TENANT'S loading dock, refrigerated storage, service access and parking area to allow such development.

EXPANSION/RIGHT OF FIRST REFUSAL: TENANT shall have the exclusive right to seek approval to develop the rooftop area of the Market at any time during this lease subject to rent and terms to be negotiated.

OUTDOOR STORAGE: TENANT shall have the right to store an emergency generator only in the loading area on the east side of the Demised Premises.

PARKING: 23 spaces as depicted on Exhibit A-1 reserved for Waterfront Market parking, at no charge during TENANT'S established hours of operation. Spaces will be metered for the benefit of the City at all other times.

EXTERIOR USES: Tenant shall have the right to use the exterior areas as depicted on "EXHIBITA-1" and no additional charge. These areas will not be included in

TENANT'S net usable square feet for purposes of calculating TENANT'S proportionate share of CAM, taxes and insurance. The areas are labeled and defined as follows:

- Area 1: 23 parking spaces
- Area 2: TENANT'S exclusive loading dock and 3 bays
- Area 3: Non-exclusive bay, ramps and pedestrian walkways
- Area 4: TENANT'S exclusive loading dock until notice to proceed is issued for construction of handicapped access
- Area 5: TENANT'S exclusive front covered entry
- Area 6: TENANT'S Refrigeration Racks

TENANT further agrees to permit loading/unloading and use of the dock by other tenants in the Key West Bight in Area 4 with TENANT'S approval, such approval not to be unreasonably withheld.

- 1.5 TERM (Section 3.): TEN (10) YEARS
 - 1.5.1 COMMENCEMENT DATE: _____ 2007 as acknowledged by TENANT'S written statement
 - 1.5.2 RIGHT TO TERMINATE: In the event that LANDLORD alters Area 4 to construct handicapped access TENANT shall have the right to terminate this lease with six (6) months prior written notice. The right to terminate must be exercised during the time period commencing with the Notice to Proceed with construction and terminating twelve months after the final inspection of the handicapped access improvements.
 - 1.5.3 RIGHT TO RENEW: Per Key West Code of Ordinances
- 1.6 MINIMUM RENT FOR TERM (Section 4): The base rent and base rent increases for the term and any renewals thereof as per EXHIBIT "B" attached hereto and incorporated herein. Rent for outdoor storage of the emergency generator shall be calculated at \$10.00 per square foot in year one of this Lease and subject to the same annual increase percentage in the base rent.
 - 1.6.1 ADDITIONAL RENT: Tenant shall pay its Proportionate share of CAM, Real Estate Taxes, Insurance, Sales, Use or Excise Taxes together with Management and Administrative fees estimated as per EXHIBIT "B"
 - 1.6.2 RENT PAYMENT DUE DATE: Payable in advance on the first (1st) of each and every month of the term hereof.
 - 1.6.3 LATE CHARGE: 15% of the amount in arrears if received after the fifth day of each and every month together with an administrative fee of \$50.00 for processing late payments.
 - 1.6.4 PERCENTAGE RENT Not applicable and intentionally deleted
 - 1.6.5 HOLD OVER RENT: 150% of the Minimum Base rent during the last year of the expiring term.
 - 1.6.6 RENT CONCESSIONS: None
- 1.7 SECURITY DEPOSIT (Section 5): Equal to one month's base rent.

labeled and defined as follows:

- Area 1: 23 parking spaces
- Area 2: TENANT'S exclusive loading dock and 3 bays
- Area 3: Non-exclusive bay, ramps and pedestrian walkways
- Area 4: TENANT'S exclusive loading dock until notice to proceed is issued for construction of handicapped access
- Area 5: TENANT'S exclusive front covered entry
- Area 6: TENANT'S Refrigeration Racks

TENANT further agrees to permit loading/unloading and use of the dock by other tenants in the Key West Bight in Area 4 with TENANT'S approval, such approval not to be unreasonably withheld.

In the event LANDLORD desires to redevelop the west side of the property currently used as TENANT'S loading dock and parking area TENANT agrees to negotiate in good faith with the LANDLORD to re-locate TENANT'S loading dock, refrigerated storage, service access and parking area to allow such development. TENANT agrees that so long as the re-location is feasible and the costs associated with the re-location are at the LANDLORD'S sole cost and expense and the LANDLORD agrees to mitigate the impact caused by the disruption to TENANT'S business by providing alternate access, substitute parking, rent abatement and other concessions necessary to ensure that TENANT does not suffer any loss of revenue in its accommodation of the LANDLORD'S desire to redevelop the William Street side of the TENANT'S premises and adjacent parking and loading areas then TENANT shall not withhold its approval of such re-location and redevelopment. LANDLORD and TENANT agree that any loss of revenue suffered by TENANT during the re-development period will be determined by a comparison of TENANT'S gross revenue for the same period in the prior year adjusted by any increase in the Consumer Price Index for the then current period. TENANT further agrees not to make any physical changes or improvements to the Demised Premises that would impede the LANDLORD'S ability to feasibly redevelop the property as contemplated herein.

Expansion/Right of First Refusal – TENANT shall have the exclusive right to seek approval to develop the rooftop area of the Market at any time during this lease subject to rent and terms to be negotiated.

3. **TERM** - The term of this Lease shall be for ten (10) years which shall commence on _____ 2007 and shall end at midnight on _____ 2017 unless sooner terminated as provided for herein. Upon occupancy TENANT shall furnish LANDLORD a written statement stating the TENANT has accepted the Demised Premises for occupancy and setting forth the actual commencement and expiration dates of the Lease. TENANT'S written statement shall become attached to and incorporated into this lease Exhibit "D". A Lease Year is the twelve-month period beginning on the commencement date of each year and ending at the conclusion of the same date one year later. If possession of the Demised Premises shall for any reason not be delivered to Tenant on the Commencement Date, this Lease shall nevertheless continue in full force and effect, and no liability whatsoever shall arise against LANDLORD out of any delay other than the abatement of rent.

Right to Terminate – In the event that LANDLORD alters Area 4 to construct handicapped access TENANT shall have the right to terminate this lease with six (6) months prior written notice. The

right to terminate must be exercised during the time period commencing with the Notice to Proceed with construction and terminating twelve months after the final inspection of the handicapped access improvements.

Right to Renew -- Per Key West Code of Ordinances Sec.2-941. Leases

4. **RENT** - All rentals provided for herein shall be payable in advance, without prior demand therefore and without deductions or setoffs for any reason whatsoever on the first day of each and every month of the term hereof.
 - 4.1 **Late Charges.** Any monthly rental not received by the fifth day of the month shall incur a late fee equal to fifteen percent 15% of the amount in arrears. In addition, all payments received after the due date shall incur a \$50.00 administrative fee to cover the costs of collecting and processing late payments. LANDLORD shall have no obligation to accept less than the full amount of all installments of rental, additional rental or other amounts due hereunder and interest thereon which are due and owing by TENANT to LANDLORD. If LANDLORD accepts less than the full amount owing, LANDLORD may apply the sums received toward such TENANT'S obligations, as LANDLORD shall determine in its sole discretion.
 - 4.2 **Interest on Rent.** Rent and additional rent not paid within fifteen (15) days of when due shall bear interest from the date due until paid at the highest rate permitted by law.
 - 4.3 **Obligation to Survive.** TENANT'S obligation to pay rent that is accrued and unpaid hereunder shall survive the expiration or termination of the Lease.
 - 4.4 The rent reserved under this Lease for the term hereof shall be and consist of:
 - (a) Beginning with the commencement date and throughout the term of this Lease, TENANT agrees to pay to the LANDLORD as and for minimum rent for the Demised Premises the annual amount, in equal monthly installments, in advance, on the first day of each and every calendar month, as per EXHIBIT "B". In the event the rent commencement date is other than the first day of a calendar month, the rent for the partial first calendar month of the term will be prorated on a daily basis and payable on the commencement date.
 - (b) Simultaneously with each such payment, TENANT agrees to pay to LANDLORD any sales, use or excise tax imposed or levied against rent or any other charge or payment required hereunder to be made by TENANT which tax has been imposed or levied by any governmental agency having jurisdiction thereof, this shall include any new taxes imposed during the term of this Lease which are in addition to or in substitution for any such tax which is presently imposed.
 - (c) Commencing with the 1st day of the Term, TENANT agrees to pay to LANDLORD, as Additional Rent, TENANT'S Proportionate Share, as stated in Section 1.4, of Common Area Maintenance Charges in Monthly Installments as specified herein.

The Common Area Maintenance Charges are based on the Estimated Common Area Maintenance Charges attached hereto as EXHIBIT "B" These charges are only estimates. The TENANT shall be responsible for all Common Area Maintenance Charges actually incurred on a pro rata assessment basis. Any increase in the common area charges shall result in an increase in the TENANT'S Common Area Maintenance Charges. Common Area Maintenance Charges for controllable expenses assessed after the base year shall not increase in any given year by more

than 5% of the previous year's common area assessment for controllable expenses. The base year for the purpose of limiting increases in Common Area Maintenance Charges shall be the first year of the term of this lease. This limitation shall apply only to those services included in the base year's common area charges. Any services charged for that are not included in the base year's charges shall not be limited by this 5% cap nor shall they be included for determining this 5% cap.

Common Area Maintenance Charges shall include any and all expenses reasonably incurred in the operation and maintenance of the Property Common Area including but not limited to management and administrative fees, salaries and compensation paid in connection with operations, maintenance and administration, amortization (including interest) of equipment and facilities acquired and used for maintenance, to reduce energy usage, to otherwise reduce operating costs or common area seasonal decorating or redecorating. Major capital improvements will not be included in Common Area Maintenance Charges unless those improvements reduce expenses and if so the improvements will be amortized over the useful life of the equipment as determined by the manufacturers specifications or IRS depreciation regulations.

Monthly installments shall be due and payable on the 1st day of each calendar month during the Term. The installments set forth herein represent TENANT'S Proportionate Share of the estimated Common Area Maintenance Charges at the Commencement Date. Thereafter, LANDLORD shall, prior to the beginning of each calendar year, estimate the expected Common Area Maintenance Charges for the coming calendar year and TENANT'S Proportionate Share thereof, 1/12th of which shall constitute the Monthly Installments for such year; provided such installments shall never be lower than the installments specified herein. Within 90 days after the end of each year, LANDLORD shall calculate the actual Common Area Maintenance Charges paid or payable during the prior calendar year, and there shall be an adjustment between LANDLORD and TENANT so that LANDLORD shall receive the actual amount of TENANT'S annual Proportionate Share for said year. If TENANT'S Proportionate Share is less than the amount paid by TENANT during the prior year, LANDLORD shall, at its option, pay TENANT the difference between the amount received and the amount actually due, or credit such difference against TENANT'S next succeeding installments. If TENANT'S Proportionate Share is greater than the amount paid by TENANT during the prior year, TENANT shall pay LANDLORD the difference between the amount paid by TENANT and the amount actually due upon LANDLORD billing TENANT for same. LANDLORD agrees to keep, at its principal office, records relating to said Common Area Maintenance Charges. TENANT shall have the right to audit said records for the sole purpose of ascertaining the correctness of said Charges. Such audit shall be made during normal business hours; not unreasonably interfere with LANDLORD'S office operations; shall be performed by TENANT, TENANT'S chief financial officer, or a CPA selected by TENANT; shall not be made more often than once during each calendar year; and shall be limited to the preceding calendar year. If TENANT desires to audit said records as aforesaid, TENANT shall notify LANDLORD 30 days in advance thereof, commence said audit within 60 days of said notice, and once commenced, diligently complete the same. If any such audit shows the amount of such charges to TENANT was overstated, LANDLORD shall refund any such overcharge.

Commencing with the 1st day of the Term, TENANT agrees to pay to LANDLORD, as Additional Rent, TENANT'S Proportionate Share as stated in Section 1.4 of the Real Estate Tax Expense which shall include all real estate taxes and assessments both general and special imposed by federal, state or local governmental authority or any other taxing authority having jurisdiction over the Property against the land, buildings, store rooms, Common Areas and all other improvements within the Upland Property (excluding any public area which will not be taxed and excluding the Marina), together with any and all expenses incurred by LANDLORD in

negotiations, appealing or contesting such taxes and assessments. Real Estate Tax Expense shall not include any additional charges or penalties incurred by LANDLORD due to late payment of Real Estate Taxes. In the event that any of the public area excluded later becomes taxable or is determined to be taxable then it shall be included for purposes of determining TENANT'S proportionate share.

TENANT'S Proportionate Share of Real Estate Taxes shall be paid as part of the Common Area Charges provided for herein. The 5% cap limitation provided for in Section 3(c) shall not be applicable to this particular common area charge.

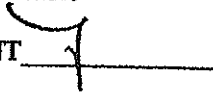
Commencing with the 1st day of the Term, TENANT agrees to pay to LANDLORD, as Additional Rent, TENANT'S Proportionate Share as stated in Section 1.4, of the Insurance Expenses which shall include all insurance premiums incurred by the LANDLORD in insuring the Property including hazard and liability insurance for any and/or all buildings, improvements and common areas.

TENANT'S Proportionate Share of Insurance expenses shall be paid as part of the Common Area Charges provided for herein. The 5% cap limitation provided for in Section 3(c) shall not be applicable to this particular common area charge.

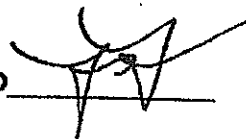
Should any governmental taxing authority acting under any present or future law, ordinance or regulation, levy, assess or impose a tax, excise and/or assessment (other than an income or franchise tax) upon or against the rentals payable by TENANT to LANDLORD, whether by way of substitution for, or in addition to, any existing tax on land and buildings or otherwise, or any other substitute tax, the proceeds of which are to be used to fund the same governmental functions as were funded by ad valorem taxes, TENANT shall be responsible for and reimburse LANDLORD for the amount thereof, as the case may be, as additional rent, 7 days before the date that any penalty or interest would be added thereto for non-payment or, at the option of LANDLORD, the same shall be payable in the manner provided for in the preceding paragraph. Substitute taxes as referred to above in this Section shall include, without limitation, any surtax on parking spaces.

Initial here if applicable

TENANT



LANDLORD



(d) Percentage Rent. Intentionally deleted.

(e) In addition to the foregoing rent, all other payments to be made by TENANT shall be deemed to be and shall become additional rent hereunder whether or not the same be designated as such and it shall be due and payable upon demand together with interest thereon at the highest rate permissible by law from their due date until the date it is paid. The LANDLORD shall have the same remedies for TENANT'S failure to pay said additional rental the same as for non-payment of rent. LANDLORD, at its election, shall have the right to pay or do any act which requires the expenditure of any sums of money by reason of the failure or neglect of TENANT to perform any of the provisions of this Lease, and in the event LANDLORD shall, at its election, pay such sums or do such acts requiring the expenditure of monies, TENANT agrees to pay LANDLORD, upon demand, all such sums, and the sums so paid by LANDLORD and any expenses incurred by LANDLORD in the payment of such sums together with interest thereon at the highest rate permitted by law from their due date through the date they are paid by TENANT shall be deemed additional rent and shall be payable and collectible as such. Rent shall be made

payable to the LANDLORD as stated in Section 1.1 hereof.

(f) **Holding Over.** It is agreed that in the event of TENANT holding over after the termination of this lease, thereafter the tenancy shall be from month to month in the absence of a written agreement to the contrary; the TENANT shall pay to LANDLORD a monthly occupancy charge equal to One Hundred Fifty (150%) Percent of the monthly rental for the last lease year for each month from the termination or expiration of this Lease until the Demised Premises are delivered to the LANDLORD in the condition required herein, and LANDLORD'S right to damages for such illegal occupancy shall survive. In addition, TENANT shall pay all other charges payable by TENANT under this Lease

(g) **Rent Concessions.** None

5. **SECURITY - TENANT** simultaneously with the execution and delivery of this Lease, has deposited with the LANDLORD the sum equal to one months current minimum rent as per EXHIBIT "B" and as stated in Section 1.7 hereof, the receipt of which is hereby acknowledged, which sum shall be retained by LANDLORD as security for the payment by TENANT of the rents herein agreed to be paid by TENANT and for the faithful performance by TENANT of the terms, conditions and covenants of this Lease. It is agreed that LANDLORD, at LANDLORD'S option, may at any time apply said sum or any part thereof toward the payment of the rents and any other sum payable by TENANT under this Lease, and/or toward the performance of each and every covenant under this Lease, but such covenants and TENANT'S liability under this Lease shall thereby be discharged only pro tanto; that TENANT shall remain liable for any amounts that such sum shall be insufficient to pay; that LANDLORD may exhaust any or all rights and remedies against TENANT before resorting to said sum, but nothing herein contained shall require or be deemed to require LANDLORD to do so; that, in the event this deposit shall not be utilized for any of such purposes, then such deposit shall be returned by LANDLORD to TENANT within sixty (60) days after the expiration of the term of this Lease. TENANT shall deposit with LANDLORD such additional sums which may be necessary to replace any amounts expended there from by LANDLORD pursuant hereof, so that there shall always be a security deposit in the sum first set forth above. The Security deposit provided for herein shall be held by the LANDLORD in a non-interest bearing account and may be co-mingled by the LANDLORD at the LANDLORD'S sole discretion.

6. **USE OF THE DEMISED PREMISES -TENANT** shall use the Demised Premises for the purposes of:

Wholesale and retail food distribution including grocery market, coffee bar, juice bar, seafood products, bakery, wine, beer and no other purpose. Waterfront Market shall have an exclusive right to operate a wholesale/retail grocery store, seafood market, deli, wine and beer package sales and full service bakery in the building.

TENANT further agrees:

(a) To operate 100% of the Demised Premises for the entire term of this lease during all reasonable hours established by LANDLORD, pursuant to the highest reasonable standards of its Business category, maintaining a substantial stock of appropriate merchandise on display, with sufficient personnel to service its trade.

(b) With respect to the Property, not to display any merchandise, solicit business or distribute advertising material beyond the Demised Premises, nor in any manner use any part of the

Common Areas for purposes other than for their intended common use and not to obstruct any part thereof.

- (c) Not to display any banners, pennants, searchlights, window signs, balloons, or similar temporary advertising media on the exterior of the Demised Premises.
- (d) Not to commit waste in the Demised Premises or Common Areas and to keep the Demised Premises and immediate adjacent areas including, without limitation, adjacent sidewalks, in a safe, neat, clean and orderly condition and to maintain and repair any lighting or signs under any canopy immediately in front of the Demised Premises.
- (e) Not to use the Demised Premises or permit the same to be used in any manner which violates any law, ordinance or constitutes a nuisance; for lodging purposes; that may injure the reputation of the Property or annoy, inconvenience or damage its patrons or other TENANT'S; or that would constitute an extra-hazardous use or violate any insurance policy of TENANT, LANDLORD or any other TENANT in the Property or increase the cost thereof.
- (f) To keep all garbage, refuse and solid waste inside the Demised Premises in the kind of containers specified by LANDLORD, or to place the same outside the Demised Premises, prepared for collection, in the manner and at the times and places designated by LANDLORD or the appropriate disposal company. TENANT agrees not to burn or permit any burning of garbage or refuse on the Demised Premises or any part of the Property. TENANT further agrees that, upon LANDLORD'S instruction, TENANT shall separate garbage for recycling and deposit the separate garbage in the receptacle designated by LANDLORD. TENANT further agrees to make every effort to recycle all glass, metal, paper and plastic refuse and solid waste. Sort glass by colors and metal and paper by type and deposit in the appropriate recycling containers provided by the LANDLORD.
- (g) TENANT shall contract directly with the pertinent governmental authority or disposal company and shall be responsible for all fees and costs of removal and disposal of solid waste, garbage, and refuse, including but not limited to, impact fees and dumpster rental. TENANT shall indemnify, save harmless and defend LANDLORD from and against any loss, claim, injury, damage or expense arising out of or related to the generation, storage, or removal or disposal of TENANT'S garbage, refuse or solid waste.
- (h) To use its best efforts to cause all trucks serving the Demised Premises to load and unload from the hours of 7:00 a.m. to 11:00 a.m. and not to permit such trucks to service through the front entrance of the Demised Premises except when no other entrance is available.
- (i) To take no action that would: (i) violate LANDLORD'S contracts if any, affecting the Property (including without limitation the use restrictions contained in LANDLORD'S leases with its Anchor Tenants, which restrictions have been explained to TENANT); or (ii) cause any work stoppage, picketing or cause any manner or interference with LANDLORD or other Tenants, occupants, customers or any person lawfully in and upon the Property.
- (j) Not to use amplified music or any other noise making machinery or devices that in LANDLORD'S determination is harmful to the building or disturbing to other Tenants.
- (k) To abide by and observe all reasonable rules and regulations established from time to time by LANDLORD and LANDLORD'S insurance carrier with respect to the operation of the Property and it's Common Areas. Rules and regulation are attached and incorporated herein as EXHIBIT "C".

(l) Not to conduct any auction, fire, bankruptcy or selling-out sale on or about the Demised Premises except in strict compliance with City Code Chapter 18.

(m) To pay its proportionate share of any and all maintenance contracts wherein LANDLORD elects to purchase goods and services for the benefit of the entire Property including but not limited to LANDLORD directing all pest extermination at such intervals and service levels that LANDLORD deems appropriate.

(n) TENANT shall not (either with or without negligence) cause or permit the escape, disposal or release of any biologically or chemically active or other hazardous substances or materials which TENANT or its agents brought onto the Property. TENANT shall not allow storage or use of such materials or substances in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such substances or materials, nor allow to be brought into the Demised Premises or the Property any such materials or substances except to use in the ordinary course of TENANT'S business, and then only after written notice is given to LANDLORD of the identity of such substances or materials. Without limitation, hazardous substances and materials shall include those described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 et seq., any applicable state or local law and the regulations adopted under these acts. In addition, TENANT shall execute affidavits, representations and the like from time to time at LANDLORD'S request concerning TENANT'S best knowledge and belief regarding the presence of hazardous substances or materials in the Demised Premises. In all events, TENANT shall indemnify LANDLORD in the manner elsewhere provided for in this Lease against any liability resulting from any release of hazardous substances or materials in the Demised Premises or Property by TENANT or its agents, while TENANT is in possession or caused by TENANT or persons acting under TENANT which is due to hazardous substances that TENANT or its agents brought onto the Demised Premises or Property.

6.1 Use of the Common Areas - TENANT has the non-exclusive right to use the common areas solely for the purposes for which they were designed. The common areas may also be used by anyone else LANDLORD has or hereinafter in its sole discretion grants the right to use them.

7. COVENANT OF QUIET POSSESSION - So long as TENANT pays all of the rent and charges due herein, TENANT shall peaceably and quietly have, hold, and enjoy the Demised Premises throughout the term of this Lease without interference or hindrance by LANDLORD or any person claiming by, through, or under LANDLORD.

8. INDEMNIFICATION - TENANT does hereby agree to indemnify, defend and save LANDLORD harmless from and against any and all liability for any injury to or death of any person or persons or damage to property (including adjoining property for environmental damage) in any way arising out of or connected with the conditions, use or occupancy of the Demised Premises, or in any way arising out of the activities of TENANT, its agents, employees, licensees or invitees on the Demised Premises and/or the building and from reasonable attorney's fees, incurred by LANDLORD in connection therewith, excepting, however, liability caused by LANDLORD'S gross negligence in its failure to perform any of LANDLORD'S covenants, obligations or agreements of this Lease.

9. TENANT'S INSURANCE - TENANT covenants and agrees with LANDLORD that TENANT shall:

A. At TENANTS sole cost and expense, during the entire Term hereof, procure, pay for and keep in full force and effect; (i) an occurrence form commercial general liability policy, covering the Demised Premises and the operations of Tenant and any person conducting business in, on or about the Demised Premises in which the limits with respect to liability and property damage shall not be less than One Million (\$1,000,00.00) Dollars per occurrence (ii) all risk property insurance, including theft coverage, written at replacement cost value and a replacement cost endorsement insuring TENANT'S improvements and betterments, fixtures, furnishings, equipment and any other property belonging to TENANT; and (iii) workers compensation coverage as required by the provisions of Florida statute. Any consignment agreement used by TENANT must provide that consignor acknowledge that the LANDLORD does not have any liability whatsoever for any damage which may be done to items left in the Demised Premises on consignment. The TENANT must provide the LANDLORD with a copy of any consignment agreement used by TENANT regarding Demised Premises. LANDLORD shall not be responsible for damage to any property belonging to TENANT or consignor. TENANT completely indemnifies the LANDLORD with regard to any claims made by any consignor for any reason. From time to time during this Lease, at LANDLORD'S request, TENANT shall (i) procure, pay for and keep in full force and effect such other insurance as LANDLORD shall require and (ii) increase the limits of such insurance as LANDLORD may reasonably require.

B. All policies of insurance required to be carried by TENANT pursuant to this lease shall be written by responsible insurance companies authorized to do business in Florida with an AM Best rating of A-VI or better. Any such insurance required to be carried by TENANT hereunder may be furnished by TENANT under any blanket policy carried by it or under a separate policy therefore. A copy of each paid up policy evidencing such insurance or a certificate of the insurer, certifying that such policy has been issued, providing the coverage required by this Lease and containing provisions specified herein, shall be delivered to LANDLORD prior to the commencement of the Term of this Lease and, upon renewals, but not less than sixty (60) days prior to the expiration of such coverage. In the event TENANT shall fail to procure such insurance, LANDLORD may, at its option, procure the same for the account of TENANT, and the cost thereof shall be paid to LANDLORD as an additional charge upon receipt by TENANT of bills therefore, together with an administrative fee equal to fifteen (15%) percent to cover the cost of the LANDLORD'S efforts to procure such policy.

C. Each policy evidencing insurance required to be carried by TENANT pursuant to this Lease shall contain the following provisions and/or clauses: (i) a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by LANDLORD; (ii) a provision naming LANDLORD and any other parties in interest as designated by LANDLORD as an additional insured (except with respect to worker's compensation insurance); and (iii) a provision that the insurer will not cancel, materially change or fail to renew the coverage provided by such policy without first giving LANDLORD thirty (30) days prior written notice.

Any general liability or other policy insuring the LANDLORD does not provide any contributing or excess coverage for TENANT. The policies TENANT procures for TENANT'S exposure are the only coverage available to TENANT.

10. ASSIGNMENT AND HYPOTHECATION - This Lease is not transferable or assignable and may not be hypothecated nor sublet without the prior written consent of the LANDLORD which may be withheld and shall be at the sole discretion of the LANDLORD.

This TENANT may assign the Lease without the written consent of the LANDLORD for the sole

and limited purpose of collateralizing a loan from a financial institution.

Any assignment or sub-letting, even with LANDLORD'S consent shall not relieve TENANT from liability for payment of Rent or from the obligation to keep and be bound by the agreements of this Lease. The acceptance of Rent from any other person shall not be deemed to be a waiver of any of the agreements of this Lease or to be consent to the assignment for the benefit of creditors or by operation of law and shall not be effective to transfer any rights to any assignee without prior consent of LANDLORD. In the event TENANT wishes to assign this Lease and LANDLORD consents to such assignment, LANDLORD may charge a reasonable fee, not to exceed \$500.00 to help offset any costs LANDLORD may have in preparing such assignment, or in examining the information, financial statements, operating history, references, etc., necessary to effectuate same. Any assignment, transfer, hypothecation, mortgage, or subletting without LANDLORD'S written consent shall give LANDLORD the right to terminate this Lease and to re-enter and repossess the Demised Premises and the LANDLORD'S right to damages shall survive.

If the TENANT is a corporation, then a sale or transfer of a controlling interest in the corporation by sale of stock or otherwise shall constitute an assignment for purposes of this provision.

11. SUBORDINATION - This Lease, and all rights of TENANT hereunder, are and shall be subject and subordinate to all mortgages, bond indentures and any other financing instrument (hereinafter referred to as security agreements) which may now or hereafter affect the Demised Premises and to each and every advance made or hereafter to be made under such security agreements and to all renewals, modifications, replacements and extensions of such security agreements and spreaders and consolidations of such security agreements. This paragraph shall be self operative and no further instrument of subordination shall be required to make it effective, however, TENANT shall promptly execute and deliver any instrument reasonably requested to evidence such subordination.

If the holder of any such security instrument shall succeed to the rights of LANDLORD under this Lease, then at the request of such party so succeeding to the LANDLORD'S rights and upon such successor LANDLORD'S written agreement to accept TENANT'S attornment, TENANT shall attorn to such successor LANDLORD and will execute such instruments as may be necessary or appropriate to evidence such attornment. Upon such attornment, this Lease shall continue in full force and effect as if it were a direct Lease between the successor LANDLORD and TENANT upon all the terms, conditions, and covenants as are set forth in this Lease and shall be applicable after such attornment.

TENANT shall deliver to LANDLORD or the holder of any such security instrument or auditors, or prospective purchaser or the owner of the fee, when requested by LANDLORD, a certificate to the effect that this Lease is in full force and that LANDLORD is not in default therein, or stating specifically any exceptions thereto. Failure to give such a certificate within ten business days after written request shall be conclusive evidence that the Lease is in full force and effect and LANDLORD is not in default and in such event, TENANT shall be stopped from asserting any defaults known to TENANT at that time.

12. CONDEMNATION

(a) It is further understood and agreed that if at any time during the continuance of this Lease the legal title to the Demised real estate or the improvements or buildings located thereon or any portion thereof be taken or appropriated or condemned by reason of eminent domain, there shall be such division of the proceeds and awards in such condemnation proceedings and such

abatement of the fixed rent and other adjustments made as shall be just and equitable under the circumstances. If the LANDLORD and the TENANT are unable to agree upon what division of the condemnation award, abatement of fixed rent, or other adjustments are just and equitable within thirty (30) days after such award has been made, then the matters in dispute shall, by appropriate proceedings, be submitted to a court having jurisdiction of the subject matter of such controversy for its decision and determination of the matters in dispute. If the legal title to the entire Demised Premises be wholly taken by condemnation, or if the portion taken will prevent the Demised Premises from being used for the purpose the TENANT intends, this Lease shall be canceled.

(b) In general, it is the intent and agreement of the parties that upon condemnation, the parties hereto shall share in the condemnation award to the extent that they would be entitled to receive compensation and damages under the Florida law for the depreciation, damage, or destruction of their interests by the exercise of the right of eminent domain. In no event shall TENANT be permitted to receive a share based on the value of the land or buildings, and/or improvements.

13. TENANT'S DEFAULT

(a) If the TENANT shall fail to pay any of the taxes or assessments herein provided for; or in case of the sale of or forfeiture of the Demised Premises or any part thereof during the demised term for non-payment of any tax or assessment; or in case the TENANT shall fail to keep insured the building or improvements which are now or which may at any time hereafter be upon the Demised Premises, as herein provided for; or shall fail to spend insurance money, as herein provided for; or if the TENANT shall fail to perform any of the covenants of this Lease by it to be kept and performed; then, in any of such events, except in the event of non payment of rent, upon ten (10) business days written notice, within which the TENANT may cure, and upon its failure to cure, it shall and may be lawful for the LANDLORD, at its election, to declare the demised term ended and to re-enter upon said Demised Premises, building, and improvements situated thereon, or any part hereof, either with or without process of law, the TENANT hereby waiving any demand for possession of the Demised Premises and any and all buildings and improvements then situated thereon. In the event of nonpayment of rent, LANDLORD may assert its right of notice and eviction pursuant to Chapter 83, Florida Statutes.

(b) Or, the LANDLORD may have such other remedies as the law and this instrument afford, and the TENANT covenants and agrees that upon the termination of said demised term, at such election of the said LANDLORD, or in any other way, TENANT will surrender and deliver up the Demised Premises and property (real and personal) peaceably to the LANDLORD, its agent, or attorneys, immediately upon the termination of the said demised term. If the TENANT, its agents, attorneys, or shall hold the Demised Premises or any part thereof, one (1) day after the same should be surrendered according to the terms of this Lease, it shall be deemed guilty of forcible detainer of the Demised Premises under the statute and shall be subject to eviction or removal, forcibly or otherwise, with or without process of law.

(c) Bankruptcy or Insolvency - If at any time during the term hereof proceedings in bankruptcy shall be instituted against TENANT and which proceedings have not been dismissed within a reasonable time period, and which bankruptcy results in an adjudication of bankruptcy; or if any creditor of TENANT shall file any petition under Chapter X of the Bankruptcy Act of the United States of America, as it is now in force or may hereafter be amended; and TENANT be adjudicated bankrupt, or TENANT makes an assignment for the benefit of creditors; or sheriff, marshal, or constable take possession thereof by virtue of any attachment or execution proceedings and offer same for sale publicly, and such taking and offer for sale is not rescinded,

revoked, or set aside within ten (10) days thereafter, then LANDLORD may, at its option, in any of such events, immediately take possession of the Demised Premises and terminate this Lease. Upon such termination, all installments of rent earned to the date of termination and unpaid, shall at once become due and payable; and in addition thereto, LANDLORD shall have all rights provided by said bankruptcy laws relative to the proof of claims on an anticipatory breach of an executory contract. The grace period for the curing of default shall not apply to this event of default.

(d) Where the alleged default consists of some alleged violation of any term of this Lease, other than the payments of money, including rent, the LANDLORD may not declare this Lease in default until such violation shall have continued for ten (10) days after the LANDLORD shall have given the TENANT written notice of such violation, and TENANT shall not have undertaken, during said ten (10) day notice period, to cure said violation by vigorous and affirmative action, provided, however, that nothing herein contained shall be construed as precluding the LANDLORD from having such remedy as may be and become necessary in order to preserve the LANDLORD'S right and interest of the LANDLORD in the Demised Premises and in this Lease, even before the expiration of the grace or notice periods provided for in this paragraph, if, under particular circumstances then existing, the allowance of such grace or the giving of such notice would prejudice or endanger the rights and estate of the LANDLORD in this Lease and in the Demised Premises. With respect to the payment of the insurance premiums, the same must be paid at least fifteen (15) days prior to the time when the policies would lapse for the failure to pay premiums thereon, and evidence of such payment given to the LANDLORD without any written notice being required to be served upon the TENANT in connection therewith.

(e) All default and grace periods shall be deemed to run concurrently and not consecutively.

(f) It is mutually covenanted and agreed that the various rights, powers, options, elections, privileges, and remedies of the LANDLORD contained in this Lease shall be construed as cumulative and no one of them shall be construed as being exclusive of the other or exclusive of any rights or priorities allowed by law.

(g) It is further covenanted and agreed by and between the parties hereto that the right given to the LANDLORD in this Lease to collect the rent that may be due under the terms of this Lease by any proceeding under same, or the right to collect any additional rent, money, or payments due under the terms of this Lease by any proceedings under same, or the right given the LANDLORD to enforce any of the terms and provisions of this Lease shall not in any way affect the right of such LANDLORD to declare this Lease void and the terms ended hereby, as herein provided, when default is made in the payment of said rent or when default is made by the TENANT in any of the terms and provisions of this Lease.

(h) If at any time, by reason of the failure of the TENANT to keep and perform any covenant or agreement which, under the terms of this Lease, the TENANT is bound and obligated to keep and perform, it becomes necessary for LANDLORD to employ an attorney to protect the rights and interests of the LANDLORD in the property demised or to enforce the Lease or proceed under it in any particular, then in any of such events, the TENANT will owe and will pay unto LANDLORD all costs of Court and reasonable attorneys fees incurred or expended by the LANDLORD in taking such actions, including actions taken in all trial and appellate courts.

14. **TENANT'S REPAIRS** - The TENANT covenants and agrees with the LANDLORD that during the continuance of this Lease, the TENANT shall be solely responsible for maintaining the Demised Premises in a clean, sanitary and safe condition in accordance with the laws of the State of Florida and in accordance with all directions, rules and regulations of all

inspectors, governmental departments and agencies having jurisdiction over the Demised Premises to ensure a good state of repair of the Demised Premises and all furnishings, including any special equipment brought, placed, or installed upon the Demised Premises by TENANT; nor will the TENANT suffer or permit any strip, waste, or neglect of any building or such personal property to be committed; and the TENANT will repair, replace, and renovate the said real and personal property as often as it may be necessary in order to keep the building or buildings and the personal property which is subject to the LANDLORD'S lien, in good repair and condition. In the event that improvements or repairs are contemplated prior to or at the beginning of or during TENANT'S occupancy, then this provision shall apply to the condition of the property as of the last repair, improvement or renovation.

In the event that LANDLORD shall deem it necessary or be required by any governmental authority to repair, alter, remove, reconstruct or improve any part of the Demised Premises or of the property (unless the same result from TENANT'S act, neglect, default or mode of operation, in which event LANDLORD shall make all such repairs, alterations or improvements at TENANT'S sole cost and expense), then the same shall be made by LANDLORD with reasonable dispatch, and should the making of such repairs, alterations and improvements cause any interference with TENANT'S use of the Demised Premises, such interference shall not relieve TENANT from the performance of its obligations hereunder nor shall such interference be deemed an actual or constructive eviction or partial eviction or result in abatement of rental.

15. ALTERATIONS

TENANT shall not make any alterations, additions or improvements to the Demised Premises (whether or not the same may be structural in nature) without LANDLORD'S prior written consent. All alterations, additions, or improvements made to the Demised Premises, except movable furniture and equipment installed at TENANT'S expense, shall be the property of the LANDLORD and remain upon and be surrendered with the Demised Premises at the expiration of the term of this Lease; provided, however, that LANDLORD may require TENANT to remove any additions made at TENANT'S request to the Demised Premises and to repair any damage caused by such removal, and provide further, that if TENANT has not removed its property and equipment within ten (10) days after the expiration or termination of this Lease, LANDLORD may elect to retain the same as abandoned property.

In the event TENANT shall request LANDLORD'S permission, and LANDLORD shall permit TENANT to perform any alterations, additions, improvements or repairs to the Demised Premises, TENANT shall (i) submit its plans and specifications to LANDLORD for its approval prior to the commencement of any construction, (ii) obtain all necessary permits prior to the commencement of any construction, (iii) only use contractors approved by LANDLORD, (iv) not permit any construction liens to be placed or remain on the Demised Premises. In the event a construction lien shall be filed against the Demised Premises as a result of work undertaken by TENANT, TENANT shall within ten (10) days of receiving notice of such lien, discharge the lien of record either by payment of the indebtedness to the lien claimant or by filing a bond as security therefore. All such work made by or on behalf of TENANT shall be performed in such manner as LANDLORD may designate and in accordance with all applicable laws and regulations of governmental authorities having jurisdiction over the same. All such work by TENANT or its contractors shall not interfere with, impede or delay any work by LANDLORD or its contractors, tenants or TENANT'S contractors. All contractors engaged by TENANT shall be bondable, licensed contractors, possessing good labor relations, and capable of performing quality workmanship.

16. EQUIPMENT, FIXTURES AND SIGNS

(a) All furnishings, fixtures, trade fixtures, equipment, and signs used on the Demised Premises by TENANT but provided by LANDLORD, will, at all times, be, and remain, the property of LANDLORD. Provided that this Lease is in good standing and subject to the LANDLORD'S lien for rent, TENANT will have the right to remove any furniture or fixtures provided by TENANT, or any part thereof, from the Demised Premises during the term of this Lease, at the expiration thereof, or within a reasonable time thereafter, provided, however, that TENANT, in so doing, does not cause any irreparable damage to the Demised Premises, and provided further, that TENANT will pay or reimburse LANDLORD for the reasonable expense of repairing damage caused by such removal.

(b) All TENANT signs shall be approved by the LANDLORD and must meet all applicable codes. The exact location, style, text, and color(s) of the sign shall be agreed upon by the LANDLORD, in writing, prior to TENANT'S installation. LANDLORD'S approval shall not be unreasonably withheld or delayed.

17. ADDITIONAL COVENANTS OF THE TENANT

(a) The TENANT shall pay for all utilities associated with the use of the Demised Premises including, but not limited to, water, electricity, sewer, gas and waste, (if applicable). In the event that a separate bill for the Demised Premises is not available for one or more of the utility services required by the Demised Premises, then the TENANT shall pay a pro-rated share of that particular utility bill based on a calculation of the ratio of the square footage of the Demised Premises and the total square footage of the Premises covered by that particular utility bill. In the event that the TENANT shall be billed for a pro-rated share, the LANDLORD shall provide TENANT a utility bill each month and TENANT shall pay the amount due to LANDLORD within ten (10) days of its receipt.

(b) The TENANT covenants and agrees with the LANDLORD that no damage or destruction to any building or improvement by fire, windstorm, or any other casualty shall be deemed to entitle the TENANT to surrender possession of the Demised Premises or to terminate this Lease or to violate any of its provisions or to cause any abatement or rebate in the rent then due or thereafter becoming due under the terms hereof, unless otherwise specifically provided for herein. If the Lease be canceled for the TENANT'S default at any time while there remains outstanding any obligation from any insurance company to pay for the damage or any part thereof, then the claim against the insurance company shall, upon the cancellation of the within-Lease, be deemed immediately to become absolute and unconditional property of the LANDLORD. In the event of destruction to the Demised Premises by casualty or hazard, LANDLORD will have the option of canceling the Lease, or repairing the building, and in the event that the LANDLORD elects to repair the building, an appropriate abatement of rent will occur.

(c) The TENANT shall be responsible for the HVAC and all air conditioning systems together with the plumbing and electrical system.

(d) The TENANT shall not be responsible for maintaining the roof and exterior of the building

(e) The TENANT covenants and agrees with the LANDLORD that nothing in this Lease contained shall ever be construed as empowering the TENANT to encumber or cause the LANDLORD to encumber the title or interest of the LANDLORD.

(f) The TENANT covenants and agrees with the LANDLORD that, at the termination of this Lease, the TENANT will peaceably and quietly deliver unto the LANDLORD, possession of the Demised Premises and all buildings and improvements located thereon, as well as the TENANT'S interest in all fixtures and equipment appertaining thereto.

(g) The TENANT agrees not to make any internal changes or exterior changes or alterations without written approval of the LANDLORD. This provision does not apply to TENANT'S trade fixtures and/or other non-permanent fixtures on the interior of the Demised Premises.

18. **LANDLORD'S RIGHT OF ENTRY** - The LANDLORD or its agents shall have the right to enter upon the Demised Premises at all reasonable times to examine the condition and use thereof, provided only that such right shall be exercised in such manner as not to interfere with the TENANT in the conduct of the TENANT'S business on said Demised Premises. If the said Demised Premises are damaged by fire, windstorm, or by any other casualty which caused the Demised Premises to be exposed to the elements, then the LANDLORD may enter upon the Demised Premises to make emergency repairs. LANDLORD may enter upon the Demised Premises to make renovations and repairs of a non-emergency nature by giving reasonable notice to the TENANT, and in such a manner as to minimize any inconvenience to both parties.

19. **TENANT'S ACCEPTANCE** - The TENANT accepts the Demised Premises and improvements thereon in an as is condition and all improvements and additions shall be at the sole expense of the TENANT except as may be otherwise provided for in this Lease.

20. **MISCELLANEOUS PROVISIONS** - It is mutually covenanted and agreed by and between the parties as follows:

(a) That no waiver of a breach of any of the covenants in this Lease contained shall be construed to be a waiver of all succeeding breach of the same covenant.

(b) That time is of the essence in every particular and particularly where the obligation to pay money is involved.

(c) That all arrearages in the payment of rent or in the repayment to the LANDLORD of any sums which the LANDLORD may have paid in order to cure a default of the TENANT (as elsewhere herein provided for), shall bear interest from the date when due and payable at the highest rate permitted by law until paid.

(d) That no modification, release, discharge, or waiver of any provision hereof shall be of any force, effect, or value unless in writing and signed by the persons who are then LANDLORD and TENANT.

(e) That all covenants, promises, conditions, and obligations contained herein or implied by law, or covenants running with the land, shall attach to and be binding upon the heirs, executors, administrators, successors, legal representatives, and assigns of each of the parties to this Lease.

(f) That this instrument contains the entire agreement between the parties as of this date, and that the execution hereof has not been induced by either of the parties by representations, promises or understandings not expressed herein, and that there are not collateral agreements, stipulations, promises, or understandings whatsoever between the respective parties in any way touching the subject matter of this instrument which are not expressly contained in this instrument.

(g) That when either of the parties desire to give notice to the other or others in connection with and according to the terms of this Lease, such notice shall be deemed given when it shall have been deposited in the U.S. Registered or Certified mail with sufficient postage pre-paid thereon to carry it to its addressed destination. Said notice shall be addressed as follows:

AS TO LANDLORD: PROPERTY MANAGEMENT
CITY OF KEY WEST
P.O. BOX 6434
KEY WEST, FL 33040

AS TO TENANT: Southard Market, Inc.
201 William Street
Key West, FL 33040

When the parties on either side (LANDLORD or TENANT) consists of more than one person, notice or default by one of the persons on that side shall constitute notice or default by all of the persons on that side.

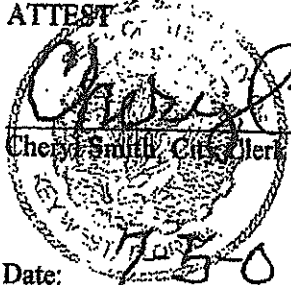
(h) This Lease and the provisions thereof shall be governed by and construed and enforced in accordance with the laws of the State of Florida.

(i) If the TENANT or TENANTS are signing in a capacity other than as individuals, then the LANDLORD may require personal guarantees from individuals as the LANDLORD deems necessary.

(j) LANDLORD may delegate its decision-making authority regarding any provision of this Lease to an Advisory Board.

IN WITNESS WHEREOF, the parties hereto have caused the foregoing Lease to be executed on the day and year first above written.


ATTEST



Date:

7-5-07

LANDLORD


Morgan McPherson, Chairman
Caroline Street Corridor and Bahama Village
Community Redevelopment Agency

Date:

7-4-07

TENANT

WITNESS

By: _____

Date: _____

Date: _____

EXHIBIT "A" Demised Premises, Site Plan

EXHIBIT "A-1" Parking and Loading Dock Area

EXHIBIT "B" Rent Schedule

KEY WEST BIGHT

EXHIBIT "B"

Tenant: Southard Market, Inc. Square Feet 11178 CAM
 Location: 201 William Street Unit F Square Feet 11178 BASE RENT
 Contact: Russell Pantele Term 10 years effective 7/07

AR #	Period Beginning	Base Rent per sq. ft.	Base Rent Annual	Base Rent Monthly	Tax, Ins., CAM \$4.85 s.f. Annual	Tax, Ins., CAM Monthly	Total Rent Before Sales Tax Monthly	Sales Tax Monthly	Total Rent With Tax Monthly	TOTAL RENT ANNUAL
1	July 1, 2007	\$16.25	\$181,842.50	\$15,136.88	\$4,213.30	\$4,517.78	\$19,654.65	\$1,474.10	\$21,128.75	\$253,544.99
2	July 1, 2008	\$17.06	\$190,724.63	\$15,893.72	\$6,923.97	\$4,743.66	\$20,637.38	\$1,547.80	\$22,185.19	\$266,222.23
3	July 1, 2009	\$17.92	\$200,260.88	\$16,688.40	\$9,770.16	\$4,980.85	\$21,669.25	\$1,625.19	\$23,294.45	\$279,533.35
4	July 1, 2010	\$18.81	\$210,273.90	\$17,522.82	\$12,759.67	\$5,229.89	\$22,752.71	\$1,706.45	\$24,459.17	\$293,610.01
5	July 1, 2011	\$19.75	\$220,787.59	\$18,398.97	\$15,898.60	\$5,491.38	\$23,890.35	\$1,791.78	\$25,682.13	\$308,165.51
6	July 1, 2012	\$20.74	\$231,828.97	\$19,318.91	\$19,191.44	\$5,765.95	\$25,084.87	\$1,881.37	\$26,966.23	\$323,594.79
7	July 1, 2013	\$21.78	\$243,418.32	\$20,284.86	\$22,651.01	\$6,054.25	\$26,339.11	\$1,975.43	\$28,314.54	\$339,774.53
8	July 1, 2014	\$22.87	\$255,569.24	\$21,298.10	\$26,283.55	\$6,358.98	\$27,656.07	\$2,074.20	\$29,730.27	\$356,763.26
9	July 1, 2015	\$24.01	\$268,368.70	\$22,384.06	\$30,097.74	\$6,674.81	\$29,038.87	\$2,177.92	\$31,216.78	\$374,601.42
10	July 1, 2016	\$25.21	\$281,787.14	\$23,482.26	\$34,102.62	\$7,008.55	\$30,490.81	\$2,286.81	\$32,777.62	\$393,331.49

Insurance and CAM are estimated. Estimates are based upon most recent actual costs adjusted 5% annually to reflect potential future increases. Square footage is based upon Maxamus report that reduces outdoor areas to 50% of actual square footage.

Tenant shall deposit \$15,136.88 at the commencement of this lease as a security deposit in accordance with Section 5 of this lease.

EXHIBIT "C" Rules and Regulations

1. TENANT shall not use any area outside of the demised premises as shown on Exhibit A or any portion of any common area or any parking areas for or any other purpose whatsoever including but not limited to the storage of goods, inventory, equipment, materials, whether or not said area is inside a building or outdoors.
2. TENANT shall have the right to use the loading dock area for the temporary storage of materials during loading and unloading operations associated with the operation of a grocery store.
3. TENANT agrees to keep the loading dock area in a clean and orderly appearance, free of litter and debris.

EXHIBIT "D"

TENANT'S written notice of acceptance of the Demised Premises and setting forth the commencement and expiration dates of the lease.