

STATE OF ALABAMA

LEASE AGREEMENT

COUNTY OF BALDWIN

THIS LEASE AGREEMENT ("Lease") is made this 24th day of August, 2020, between the BALDWIN COUNTY COMMISSION, the governing body of Baldwin County, Alabama ("Lessor") and the CITY OF BAY MINETTE, ALABAMA, an Alabama municipal corporation ("Lessee").

WHEREAS, Lessor is the owner of that certain real property located at 300 North Hoyle Avenue in the City of Bay Minette, in Baldwin County, Alabama, and the building and improvements thereon;

WHEREAS, Lessee desires to lease from Lessor, and Lessor desires to lease to Lessee, said property pursuant to the terms and conditions set forth herein; and

WHEREAS, this Lease is made in further consideration of that certain purchase agreement ("Purchase Agreement") dated July 7, 2020 between the parties hereto and the covenants and agreements contained herein.

NOW THEREFORE, in consideration of the parties' mutual understandings and obligations and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Lease of Premises. Lessor hereby grants, leases and demises unto Lessee approximately Nine Thousand (9,000) square feet of the building ("Building") located at 300 North Hoyle Avenue in the City of Bay Minette, in Baldwin County, Alabama, said space also being referred to as the Bay Minette Police Department, being depicted on Exhibit A attached hereto and incorporated herein by reference (the "Leased Premises"), for exclusive occupancy and use as a police department, and not otherwise, for and during the term of twenty-four (24) months from, to-wit: the 24th day of August, 2020 to the 23rd day of August, 2022. This period is herein referred to as the initial "Term" of this Lease.

2. Option to Extend Term. Lessee may, in its sole and absolute discretion, extend this lease beyond the expiration date for two (2) additional renewal terms (each an "Extension Term"), each being for a period of one (1) year, upon the following conditions:

(a) Lessee may exercise each Extension Term by giving Lessor notice of its intention to do so not later than ninety (90) days before the lease Term expires in the case of the initial Extension Term, or before the initial Extension Term expires. Notice of Lessee's exercise of an Extension Term under this Lease shall be delivered to Lessor at the address provided below. Notwithstanding anything contained herein to the contrary, in the event Lessee fails to provide notice of its exercise of an Extension Term, neither the initial Extension Term nor the second Extension Term shall terminate unless Lessor first provides

Lessee with written notice and ten (10) business days to cure its failure to provide such notice.

(b) Regardless of the timing of Lessee's exercise of either of the two (2) Extension Terms, the period for the initial Term will begin on the day following the expiration date of the lease Term specified in Paragraph 1 and for the second Extension Term, if exercised, the second Extension Term will begin on the day following the expiration date of the initial Extension Term.

(c) The terms and covenants of this Lease shall apply to all Extension Terms.

3. Holdover. If Lessee holds over and continues in possession of the Leased Premises after the lease Term (or any extension of it) expires, Lessee will be considered to be occupying the Leased Premises on a month-to-month tenancy, subject to all of the terms and conditions of this lease.

4. Property and Casualty Insurance. At all times while this Lease remains in effect, Lessor shall maintain, at its sole cost, insurance covering the Building, including the Leased Premises, against loss or damage by fire, vandalism, malicious mischief, windstorm, hail, smoke, explosion, riot, civil commotion, vehicles, aircraft, flood, or earthquake. The insurance shall be carried by insurance companies authorized to transact business in Alabama, selected by Lessor, in its reasonable discretion. In addition, the insurance shall be in amounts no less than one hundred percent (100%) of the replacement cost of the Building, exclusive of foundations and below-ground improvements.

5. Compliance with Laws. Lessee may not use, or permit using, the Leased Premises in any manner that results in waste of the Leased Premises or constitutes a nuisance or for any illegal purpose. Lessee, at its own expense, will comply, and will cause its officers, employees, agents, and invitees to comply, with all applicable laws, ordinances, and governmental rules and regulations concerning the use of the Leased Premises, including applicable laws, ordinances or regulations concerning hazardous materials.

6. Services and Maintenance by Lessor. Lessor shall be responsible for the maintenance of the structural and mechanical components of the Leased Premises.

7. Operating Costs. Lessee shall be responsible for the cost of the following:

- (a) Non-structural repairs, interior painting and redecorating;
- (b) Landscaping;
- (c) Water, sewer, gas and electricity¹; and
- (d) Rubbish removal.

¹ Until such time as some or all of the utilities are separately metered, Lessee shall reimburse Lessor for the cost of utilities for the Building on a pro-rata basis calculated by square footage.

8. Maintenance and Surrender by Lessee. Lessee will keep the Leased Premises free from waste or nuisance throughout the lease term and any extensions of it. When the lease terminates, Lessee must deliver the Leased Premises in as good a state of repair and condition as they were in when Lessor delivered possession to Lessee, except for reasonable wear and tear. If Lessee neglects to reasonably maintain the Leased Premises, Lessor may, but is not required to, cause repairs or corrections to be made. Any reasonable costs incurred for repairs or corrections for which Lessee is responsible under this section are payable by Lessee to Lessor as additional rental on the next rental installment date.

9. Taxes on Lessee's Property. Taxes, if any, levied or assessed against personal property, furniture, or fixtures of Lessee in or on the Leased Premises shall be the responsibility of Lessee.

10. Alterations, Additions, Improvements and Fixtures.

(a) Lessee may not make any alterations, additions, or improvements to the Leased Premises without Lessor's prior written consent, to be exercised by Lessor in its reasonable discretion.

(b) Lessee must promptly remove, if Lessor so elects, all alterations, additions, and improvements, and any other property placed in or on the Leased Premises by Lessee, and Lessee must repair any damage caused by the removal. Any alterations, additions, or improvements made by Lessee and not removed in accordance herewith, shall become Lessor's property when this lease terminates.

(c) Lessee has the right at all times to erect or install furniture and fixtures, as long as Lessee complies with all applicable governmental laws, ordinances, and regulations. Lessee may remove such items when this lease terminates, if the fixtures can be removed without structural damage to the Leased Premises. Before this lease terminates, Lessee must repair any damage caused by removing any fixtures. Any furniture or fixtures not removed by Lessee when this lease terminates are considered abandoned by Lessee and automatically become Lessor's property.

11. Insurance obligations of Lessee. Lessee agrees to maintain a policy of general liability insurance covering the Leased Premises and its operations thereon, in form and amount as deemed acceptable to Lessor, in its reasonable discretion. It shall be the sole duty and responsibility of Lessee to maintain, in force, for the entirety of the initial Term and any Extension Term, insurance coverage of all of Lessee's contents located in or around the Leased Premises.

12. Hold Harmless. To the extent permitted by Alabama law, Lessee shall defend, indemnify and hold Lessor harmless for any loss, damage, or injury of any kind or character to any person or property arising from any use of the Leased Premises by Lessee, or any of its agents, employees, licensees, or invitees, or by or from any accident, fire, or other casualty on the Leased Premises, or occasioned by the failure of Lessee to maintain the Leased Premises in safe condition. Lessee waives all claims and demands on its behalf against Lessor for any loss, damage,

or injury arising from any claims or demands of other persons concerning any loss, damage, or injury, caused other than by the negligent or intentional act or omission of Lessor.

13. Damage or Destruction. In the event that the Leased Premises, or any part of it is damaged or destroyed by any cause whatsoever, to the extent of insurance coverage, Lessor shall commence and diligently pursue to completion the repair, restoration, or replacement of the damaged or destroyed Leased Premises, and this Lease shall remain in full force and effect.

14. Inspection by Lessor. Upon forty-eight (48) hours' advance notice, Lessor and its officers, agents, employees, and representatives may enter any part of the Leased Premises for purposes of inspection, cleaning, maintenance, repairs, alterations, or additions as Lessor considers necessary (but without any obligation to perform any of these functions except as stated in this lease).

15. Encumbrances Not Permitted. Lessee shall not create, permit, or suffer any mechanics' or other liens or encumbrances on or affecting the Leased Premises or the fee estate or reversion of Lessor.

16. Assignment. Neither party shall be permitted to assign any or all of its interest under this lease.

17. Lessee's Default. The following events are considered events of default by Lessee under this lease:

(a) Lessee fails to comply with any term or covenant of this lease, and does not cure the failure within twenty (20) days after written notice of the failure to Lessee.

(b) Lessee deserts or vacates any substantial portion of the Leased Premises for thirty (30) or more days.

18. Lessor's Remedies. If any default specified in Paragraph 18 occurs, Lessor may pursue any remedy available under applicable Alabama law.

19. Lessor's Default. If Lessor defaults in performing any term or covenant that Lessor must perform under this lease, Lessee may after not fewer than twenty (20) days' notice to Lessor (or if Lessor cannot comply within twenty (20) days, within such additional time frame needed to cure, provided Lessor is diligently pursuing the cure of the same), remedy the default by deducting any reasonable costs associated with curing Lessor's default against future installments of any amounts due to Lessor hereunder until Lessee is reimbursed in full.

20. Waiver of Default. Either party's waiving any default or violation or breach of any term or covenant of this lease does not waive any other violation or breach of any term or covenant of the lease. Nor does either party's forbearing to enforce one or more of the remedies provided in

this lease or by law upon a default waive the default. Lessor's accepting rent following default under this lease does not waive the default.

21. Miscellaneous.

(a) Notices and Addresses. All notices required under this lease must be given by certified or registered mail, addressed to the proper party, at the following addresses:

Lessor: Baldwin County Commission
Attn: Wayne Dyess, County Administrator
312 Courthouse Square, Suite D
Bay Minette, Alabama 36507

Lessee: City of Bay Minette
Attn: Tammy Smith, City Administrator/Finance Director
301 D'Olive Street
Bay Minette, Alabama 36507

Either party may change the address to which notices are to be sent by sending written notice of the new address to the other party in accordance with the terms of this section.

(b) Parties Bound. This agreement binds, and inures to the benefit of, the parties to the lease and their respective successors and permitted assignees.

(c) Choice of Law. This agreement is to be construed under Alabama law, and all obligations of the parties created by this agreement are performable in Baldwin County, Alabama.

(d) Legal Construction. If any one or more of the provisions in this agreement are for any reason held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other provision of the agreement, which will be construed as if it had not included the invalid, illegal, or unenforceable provision.

(e) Prior Agreements Superseded. This agreement constitutes the parties' sole agreement and supersedes any prior understandings or written or oral agreements between the parties with respect to the subject matter.

(f) Amendment. No amendment, modification, or alteration of the terms of this agreement is binding unless in writing, dated subsequent to the date of this agreement, and duly executed by the parties.

(g) Rights and Remedies Cumulative. The rights and remedies provided by this lease are cumulative, and either party's using any right or remedy will not preclude or waive its right to use any other remedy. These rights and remedies are in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

(h) Attorney's Fees and Costs. If any action is brought to enforce this agreement, the prevailing party is entitled to recover reasonable attorney's fees from the other party, in addition to any other relief that may be awarded.

(i) Force Majeure. Neither Lessor nor Lessee is required to perform any term or covenant of this lease so long as performance is delayed or prevented by *force majeure*, which includes acts of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riot, floods, and any other cause not reasonably within Lessor's or Lessee's control and that Lessor or Lessee cannot, by exercising due diligence, prevent or overcome in whole or part.

(j) Time of Essence. Time is of the essence of this agreement.

The undersigned Lessor and Lessee execute this agreement on August 24, 2020, at Bay Minette, Baldwin County, Alabama.

[signature pages to follow]

LESSOR:

BALDWIN COUNTY, ALABAMA

Billie Jo Underwood
Billie Jo Underwood
Chairman

ATTEST:

Wayne Dyess
Wayne Dyess
County Administrator

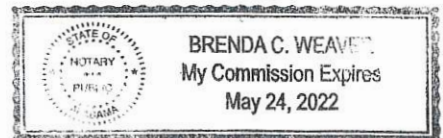
STATE OF ALABAMA
COUNTY OF BALDWIN

I, Brenda C Weaver, a Notary Public in and for said County in said State, hereby certify that BILLIE JO UNDERWOOD, whose name as Chairman of the BALDWIN COUNTY COMMISSION, and WAYNE DYESS, whose name as County Administrator of the BALDWIN COUNTY COMMISSION, the governing body of Baldwin County, Alabama, a political subdivision of the State of Alabama, are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of such instrument, they, as such officers and with full authority, executed the same voluntarily for and as the act of said commission on the day the same bears date.

Given under my hand and seal this 24th day of August, 2020.

Brenda C Weaver
Notary Public

My Commission Expires: 5-24-22



LESSEE:

CITY OF BAY MINETTE



Robert A. "Bob" Wills
Mayor

ATTEST:

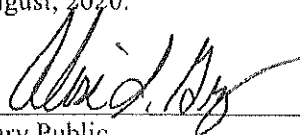


Rita Diedrich
City Clerk

STATE OF ALABAMA
COUNTY OF BALDWIN

I, Alisa S. Gray, a Notary Public, in and for said County in said State, hereby certify that ROBERT A. "BOB" WILLS and RITA DIEDTRICH, whose names as Mayor and City Clerk, respectively, of the City of Bay Minette, Alabama, a municipal corporation, are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they, as such officers and with full authority, executed the same voluntarily for and as the act of said municipal corporation.

Given under my hand and seal this 24th day of August, 2020.



Notary Public

My Commission Expires: 10-1-23

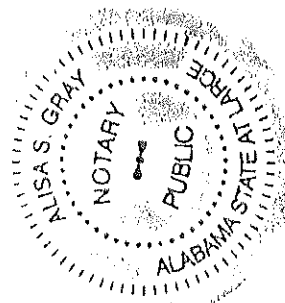
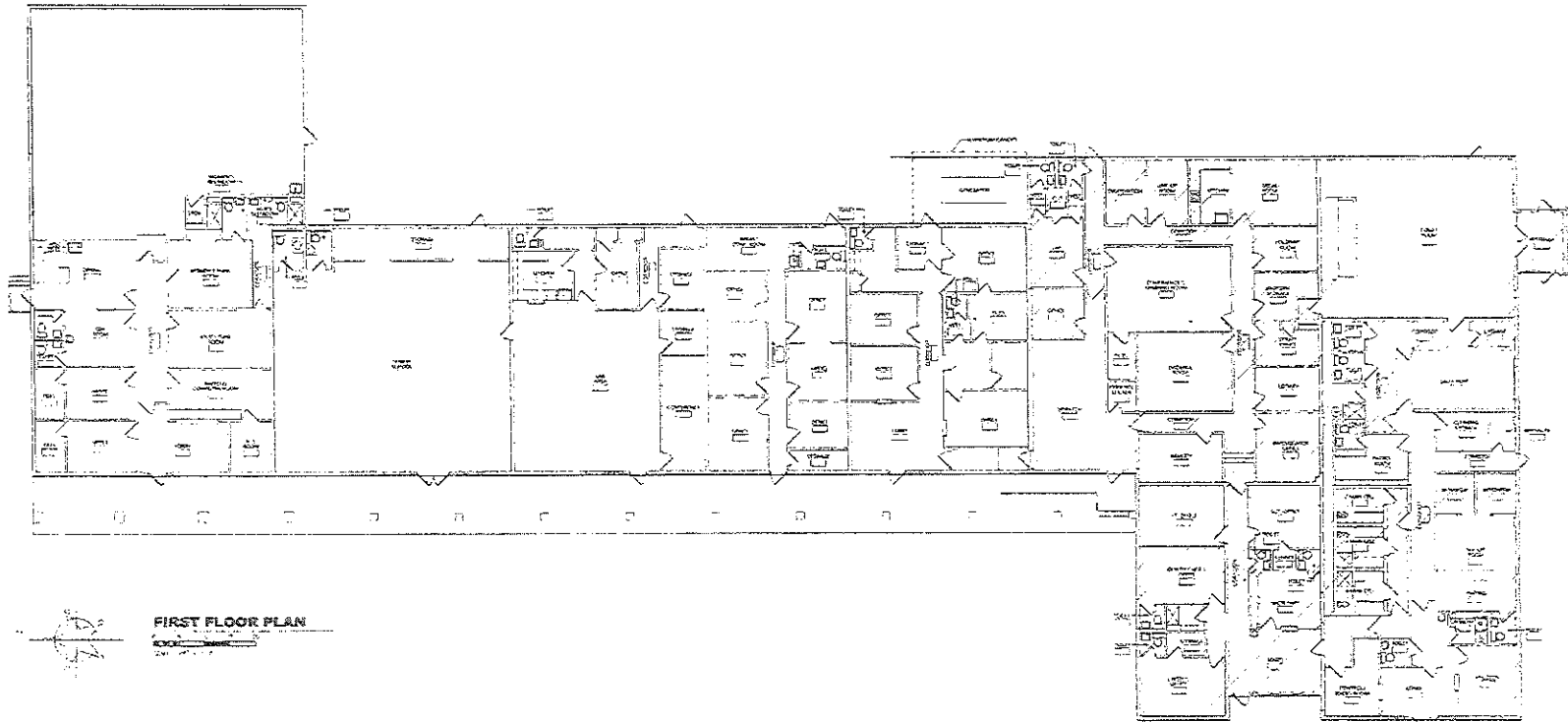


Exhibit A



FIRST FLOOR PLAN

EXISTING FLOOR PLAN for the
BAY MINETTE POLICE DEPT. BUILDING COMPLEX
FOR THE
BALDWIN COUNTY SHERIFF'S OFFICE
BAY MINETTE, ALABAMA

ADVANCED SET - NOT FOR CONSTRUCTION



architects inc.
Montgomery, Alabama



A1.1

EXISTING BAY MINETTE POLICE DEPARTMENT BUILDING