



June 22, 2009

## MEMORANDUM

**TO:** District Board of Trustees

**FROM:** William D. Law, Jr., President

**SUBJECT:** Ground Lease - Tallahassee Memorial Healthcare, Inc.

---

### Item Description:

This item requests approval of a ground lease between Tallahassee Memorial Healthcare, Inc. and Tallahassee Community College for the property described for the construction of the Ghazvini Center for Healthcare Education.

### Overview:

There is a need in the City of Tallahassee, Leon County and the surrounding area for training individuals to pursue health care careers and to enhance the skills of those individuals employed in the healthcare professions. Tallahassee Community College provides healthcare education and training at its main campus, but was in need of a centralized location. The CEO of Tallahassee Memorial Healthcare, Inc. understood the need for a well trained workforce and offered to provide land for the construction of a TCC healthcare facility on land that TMH has under lease from the City of Tallahassee. Tallahassee Community College agreed to construct an access road to the site (Surgeon's Drive) and construct a parking lot to replace the TMH employee parking where the facility would be constructed.

### Salient Facts:

The State of Florida has approved the Ghazvini Center for Healthcare Education and has provided \$25,859,781 of the requested \$33,900,000 for the construction of the facility and the additional requirements of the agreement with Tallahassee Memorial Healthcare, Inc. The parcel of land, 6.52 acres, would be leased to the College for a period of not less than 40 years as per 1013.16, Florida Statutes. The College is responsible for the construction, equipment and the maintenance of the facility for the duration of the lease.

Past Actions:

The Board has approved the project, the Guaranteed Maximum Price for construction of Surgeon's Drive, the TMH Employee Replacement Parking Lot, and the first sequence of the construction for the Ghazvini Center Building.

Future Actions:

The Board will be asked to approve the sequence #2 Guaranteed Maximum Price in the amount of \$2,219,980 at its meeting in August.

Funding/Financial Matters:

The rent for the lease is \$1.00 per year. In addition to the rent the college will need to acquire an additional \$1.0 million of liability insurance as is required by the lease. The cost of this insurance is estimated to be \$20,000 per year and will be expensed to Fund 1.

Staff Resource:

Teresa Smith

Recommended Action:

Approve the Ground Lease with Tallahassee Memorial Healthcare, Inc.

## LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made and entered into effective this \_\_\_\_\_ day of June \_\_\_\_\_, 2009, by and between the TALLAHASSEE MEMORIAL HEALTHCARE, INC. (hereinafter "Lessor"), and THE DISTRICT BOARD OF TRUSTEES OF TALLAHASSEE COMMUNITY COLLEGE, (hereinafter "Lessee").

### RECITALS

WHEREAS, there is a recognized need in the City of Tallahassee, Leon County, and the surrounding area for training of individuals to pursue health care careers and for individuals already in health care professions to enhance their skills; and

WHEREAS, Tallahassee Community College provides health care education and training at its main campus and in satellite locations and is in need of a centralized location for its health care training activities; and

WHEREAS, the State of Florida has approved the Tallahassee Community College Ghazvini Center for Health Education, the planning has been substantially completed and a contract has bid for the construction of the Ghazvini Center for Health Education; and

WHEREAS, Tallahassee Memorial HealthCare, Inc. has leased a large parcel of property from the City of Tallahassee which property is ideally located near the hospital owned by Tallahassee Memorial HealthCare, Inc. and other health care facilities, and Tallahassee Memorial HealthCare, Inc. is agreeable to sub-lease a portion of the property to Tallahassee Community College as a site for the Ghazvini Center for Health Education; and

WHEREAS, Lessor and Lessee desire to utilize the property for the purposes discussed above.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and promises set forth herein, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Lessor and Lessee hereby agree as follows:

1. Lease of Premises. Subject to the terms and conditions of this Lease, Lessor does hereby lease, let and devise to the Lessee and Lessee does hereby lease from Lessor that certain real property located in Leon County, Florida and more particularly described in Exhibit "A" which is attached hereto and by reference made part hereof (hereinafter called the "Premises").

2. Use. The Lessee shall use and maintain the Premises for construction, maintenance and operation of the Ghazvini Center for Health Education (the Ghazvini Center for Health Education and all other alterations, additions and improvements therein or on or about the Premises are hereinafter referred to as the "Improvements") which shall be exclusively used for health education which will benefit of the residents of Leon County and the surrounding area and for purposes directly related thereto. The parties acknowledge that the Improvements shall be

used and operated by Lessee as an educational center providing education and training in health care related professions and that no other use of the Premises or the Improvements is permitted without the express written consent of the Lessor.

3. Term and Termination.

(a) Term. The term of this Lease shall begin on the date and year first written above (the “Effective Date”) and shall end at midnight on the fortieth (40<sup>th</sup>) anniversary of the attainment of the Certificate of Occupancy for the Improvements (hereinafter called the “Term”).

(b) Termination. This Lease may be terminated by Lessor upon default under or breach of this Lease by Lessee. Termination by Lessor shall be as specified in Section 18 hereof.

(c) Termination – Reimbursement Required by Lessee. In the event that this Lease is terminated by the Lessee while the Lessee holds the leasehold interest in the Premises, and the Florida Department of Education determines that Public Education Capital Outlay Trust Funds (“PECO”) have therefore been improperly expended and must be reimbursed, the Lessee shall be solely responsible for such reimbursement. The Lessee shall reimburse the Florida Department of Education in an amount equal to the product of the total amount of PECO funds provided and paid to Lessee for design and construction of the Improvements multiplied by a fraction, the denominator of which shall be four hundred eighty (480) and the numerator of which shall be the total number of months remaining in the Term of this Lease, not including any extension thereof.

(d) Intent of Lessee. It is understood by both parties that it is not the intent of the State of Florida to fund projects of this nature for an educational facility only to have it abandoned after a few short years of use and that a lease term of at least forty (40) years is required by the Florida Department of Education in order to ensure that funds provided by the state will be used for the construction of a facility to be used for educational purposes on a long-term basis.

4. Rent. The Lessee, upon execution of this Lease, agrees to pay to the Lessor, as annual rent for the Premises the sum of One Dollar (\$1.00) throughout the Term of this Lease. The initial payment of such sum shall be made upon the execution of this Lease by the Lessee and subsequent payments shall be made on the same date each year thereafter. Any other amounts due hereunder as additional rent or otherwise shall be due and payable no later than thirty (30) days following written notice by Lessor to Lessee.

5. Assignment and Subleasing. The Lessee shall not assign any interest in this Lease or sub-lease all or any portion of the Premises, or the Improvements without the prior written consent of the Lessor.

6. Condition of Premises. The Lessor will deliver the Premises to the Lessee, in “AS IS” condition, without any warranties as to condition of the property, suitability of the

property for the purposes intended by the Lessee, or title to the property, upon execution hereof and payment of the initial lease payment.

7. Surrounding Property. The Lessee acknowledges and understands that the Premises constitute a portion of a larger tract which may be developed by the Lessor or Lessor's designees for health care, medical or any other purpose as determined by Lessor in Lessor's sole and absolute discretion.

8. Repair and Maintenance. The Lessor shall have no responsibility for operation, cleanliness, maintenance, or repair of the Improvements installed on the Premises. Throughout the Term, Lessee shall, without any cost or expenses to the Lessor, take good care of and keep in first class condition and repair, or cause the same to be done, inside and out, the Improvements to the Premises and all building service equipment, and all other fixtures, machinery and equipment installed and owned by Lessee now or hereafter belonging to or connected with the Improvements or used in their operation; make all repairs inside and outside, ordinary and extraordinary, structural or otherwise, necessary to preserve the Improvements in first class order and condition which repairs shall be in quality and class at least equal to the original work; promptly pay or cause the payment of the expense of such repairs; suffer no waste or injury; keep all plaza areas, walkways, sidewalks, curbs and loading docks, if any, included within the Premises reasonably free from dirt and rubbish generated by the Improvements; give prompt notice to the Lessor of any fire that may occur; and repair, at or before the end of the Term, all injury done by the installation or removal of furniture, trade fixtures and property. When used in this Lease, the term "repairs," as applied to building service equipment, shall include replacements, restoration and/or renewals when necessary. Lessee shall permit the Lessor and/or its authorized representative, to enter the Premises and the Improvements at all reasonable times during usual business hours for the purpose of inspecting the same and of making any necessary repairs to the Premises and to the Improvements, and of performing any work therein that may be necessary to comply with any governmental regulations, or that may be necessary to prevent waste or deterioration in connection with the Premises or the Improvements, which Lessee is obligated, but has failed, to make, perform, or prevent, as the case may be; provided that in the case of any such entry to make repairs, to perform work or to prevent waste or deterioration, the Lessor shall not have the right repair unless Lessee shall have failed to perform its obligations hereunder prior to the expiration of ten (10) days written notice from the Lessor to Lessee specifying the nature of Lessee's failure to perform. Notwithstanding anything to the contrary contained herein, in event of an emergency, Lessor, at its option, may without notice enter on the Premises and the Improvements to effect repairs needed as a result of the emergency. Nothing in this Lease shall imply any duty or obligation upon the part of the Lessor to do any such work or to make any alterations, repairs (including, but not limited to, repairs and other restoration work made necessary due to any fire, other casualty or partial condemnation, irrespective of the sufficiency or availability of any fire or other insurance or any award in condemnation, which may be payable in respect thereof), additions or improvements of any kind whatsoever to the Premises or to the Improvements. The performance thereof by the Lessor shall not constitute a waiver of Lessee's default in failing to perform the same. All amounts so paid by the Lessor under this paragraph, together with interest thereon at the maximum legal rate, computed from the date of such payment by the Lessor, shall be deemed additional rent hereunder, and payable by Lessee to the Lessor not later than thirty (30) days after written notice from the Lessor to

Lessee that payment therefore was made by the Lessor. In addition thereto, the Lessor may recover from Lessee, and Lessee covenants and agrees to pay as additional rent to the Lessor any and all damages which the Lessor may have sustained by reason of the failure of Lessee to comply with the terms of this paragraph.

9. Utilities and services. Lessor shall have no responsibility for supplying electrical, storm water, gas, water, sewer and other utility services to the Premises nor for the cost of paying the ongoing cost thereof. The Lessee will be responsible for payment of all utility costs, tap fees, permit fees, system changes, and impact fees, and any other fees or costs of any kind or nature and in any way associated with the Premises or the Improvements. From and after the Effective Date, Lessee shall pay or cause to be paid all charges for water, heat, gas, electricity, cable, trash disposal, sewers and any and all other utilities provided directly to the Premises and used upon the Premises throughout the Term, including without limitation any connection and servicing fees, permit fees, inspection fees, and fees to reserve utility capacity. On Lessee's written request, Lessor will, at Lessee's sole cost and expense, join with Lessee in any application required for obtaining or continuing any utility service relating to the Premises. Lessee shall defend (by counsel reasonably acceptable to Lessor), indemnify and hold Lessor harmless from any loss, cost, expense, liability, lien, or the like associated with any such utility or service charge, and shall reimburse Lessor for all reasonable attorneys' fees and all costs and expenses incurred by Lessor in defending or otherwise protecting against such charges.

10. Insurance. The Lessee's obligations to obtain insurance and maintain the same in full force and effect, or to cause the same to be obtained and so maintained, and the Lessor's rights in that regard are as follows:

(a) Lessee shall, at its sole cost and expense, at all times during the Term, maintain in force, for the benefit of Lessee, liability insurance, including automobile insurance, with the limits of \$100,000/\$200,000 established in 768.28, Florida statutes. A certificate of said insurance shall be delivered to Lessor on the Effective Date, effective from and after the Effective Date, and renewal certificates and proof of payment of premium therefore shall be delivered to Lessor promptly upon renewal. Such insurance shall be cancelable only after thirty (30) days' prior written notice to Lessor and Lessee. In addition to the above, Lessee shall maintain, prior to the commencement of construction, an additional commercial liability policy (the "Commercial Liability Policy") with limits of \$1 million per occurrence and \$2 million aggregate. Lessee agrees to maintain the Commercial Liability Policy or a policy that is substantially similar to such Commercial Liability Policy and with limits equal to or greater than the Commercial Liability Policy throughout the Term of this Lease.

(b) Lessee shall, at its cost and expense and at all times during the Term, maintain in force a policy of insurance against loss or damage by fire and lightning, and such other perils as are covered under a broad form of "extended coverage" or "all risk" endorsement as available in the State. The insurance shall be carried and maintained to the extent of Full Insurable Value of the improvements. The term "Full Insurable Value" shall mean actual replacement cost (exclusive of cost of excavation, foundations and footings below the lowest basement floor of the Improvements). Such "Full Insurable Value" shall be determined from

time to time (but not more frequently than once in any thirty-six (36) calendar months) at the request of the Lessor but at the expense of Lessee by the fire insurance company carrying the highest amount of fire insurance on the Premises and the Improvements or its agent, or by an appraiser selected by Lessee and approved in writing by the Lessor. The failure of the Lessor to request such appraisal shall not release Lessee of its obligations hereunder. Notwithstanding the above, during the period of construction, Lessee shall provide or cause to be provided in lieu thereof builders' risk or similar type of insurance in an amount equal to the full replacement cost thereof. In addition, the deductible for such insurance shall not exceed \$100,000.00. A certificate of said insurance, together with proof of payment of the premium thereof, shall be delivered to Lessor on the Effective Date, to be effective from and after the Effective Date. Any renewal certificates and proof of payment of premium therefore shall be delivered to Lessor promptly upon renewal. Such insurance shall be cancelable only after thirty (30) days' prior written notice to Lessor and Lessee.

(c) At all times during the Term, at its sole cost and expense, Lessee shall insure and keep in force Workers Compensation coverage subject to statutory coverage with Employers Liability Limit of not less than \$500,000 bodily injury each accident/\$500,000 bodily injury by disease each employee/\$500,000 bodily injury by disease policy limit.

(d) At all times during the Term, at its own cost and expense, Lessee shall provide and keep in force boiler and machinery coverage with limits of \$500,000.

(e) The Lessee shall cause all architects, engineers, and other design professionals furnishing services in regard to design of the Improvements to maintain, in full force and effect, insurance policies covering claims for professional liability, errors, and omissions, on a claims made basis, in the amount of \$1,000,000.00.

(f) During the period of construction of the Improvements and for any alterations or additions to such Improvements, Lessee shall carry or cause to be provided a "builders risk" insurance policy covering the Improvements and the construction thereof, workmen's compensation insurance and vehicular liability insurance as well as all other forms of insurance as are deemed reasonably necessary by Lessee to fully protect the Lessee during the course of construction of the Improvements.

(g) The types and amounts of all insurance coverages required or provided for by the terms of this Lease shall be reviewed every five (5) years, beginning on the date any structure or other improvements constructed on the Premises is substantially complete and thereafter each fifth (5<sup>th</sup>) year on the anniversary of such date. The purpose of such review is to determine the adequacy of types and amounts of insurance coverage reasonably necessary in relation to that which is provided by the policies being reviewed. Such review shall be conducted by the Lessee's Risk Manager. Such review shall be completed, and a written report submitted to the parties no later than thirty (30) days prior to the applicable anniversary date of the Lease. Should that review and report recommend that the types of coverage or amounts of coverage be changed, the parties shall negotiate, in good faith, to provide for changes in

coverage which address those recommendations. If no agreement regarding appropriate changes can be reached within thirty (30) days following the date of the report described above, then either party thereafter may demand arbitration regarding the recommended changes in the types or amounts of insurance coverage provided by, or obtained by, Lessee as set forth hereinafter.

(h) In the event that Lessee fails to obtain and maintain insurance as in this Lease provided and such failure shall continue for a period of fifteen (15) days after notice by the Lessor to Lessee, the Lessor may, but shall not be obligated to, effect and maintain any such insurance coverage and pay premiums therefore. All premiums so paid by the Lessor, together with interest thereon at the maximum legal rate, computed from the date of such payment by the Lessor, shall be deemed additional rent hereunder, and payable by Lessee to the Lessor but not later than thirty (30) days after written notice from the Lessor to Lessee that payment therefore was made by the Lessor. In addition thereto, the Lessor may recover from Lessee, and Lessee covenants and agrees to pay as additional rent to the Lessor, any and all damages which the Lessor may have sustained by reason of the failure of Lessee to obtain and maintain such insurance, it being expressly declared that the damages of the Lessor shall not be limited to the amount of premiums thereon. Lessee shall make payment to the Lessor, within ten (10) days after written notice from the Lessor to Lessee, of the amount of such damage. The payment by the Lessor of premiums for any such insurance policy shall not be, or be deemed to be, a waiver or release of the default of Lessee with respect thereto, or otherwise, or the right of the Lessor to pursue any other remedy permitted hereunder or by law as in the case of any other default hereunder.

(i) The obligation of collection upon the insurance policies furnished and provided for by Lessee, or obtained by the Lessor by reason of the failure of Lessee to obtain them, shall be upon Lessee but the Lessor shall cooperate in such collection (but without expense to the Lessor) in such reasonable degree as may be requested by Lessee. Lessee may employ a public adjuster in respect to any loss and, in such event; the fees of any such public adjuster shall not be payable out of the proceeds of such insurance. Lessee agrees not to violate, or knowingly or negligently permit or allow to be violated, any condition of any of such insurance policies, and Lessee covenants and agrees to satisfy the reasonable requirements of the company or companies writing and issuing such policies.

(j) All above coverages shall provide thirty (30) days notice of cancellation to Lessor.

(k) Certificates of insurance shall be provided to the Lessor for the above coverage.

11. Damage or Destructions. The Lessee's responsibilities in relation to damage to or destruction of improvements constructed on the Premises, and the Lessor's rights in that regard are as follows:

(a) If during the Term, the Improvements shall be destroyed or damaged in whole or in part by fire, theft, elements or any other cause, except condemnation, and whether or



not such destruction or damage is covered by insurance, Lessee shall give to the Lessor prompt notice thereof, and Lessee shall, at Lessee's sole cost and expense, promptly and diligently repair, replace and rebuild the same or cause the same to be repaired, replaced or rebuilt, so that upon completion thereof the Improvements and building service equipment shall have been restored to substantially the condition they were in prior to such occurrence, including any alterations or additions thereto elected to be constructed by Lessee pursuant to the terms of this Lease as part of such restoration (hereinafter referred to as "Restoration"), and the Lessor shall in no event be called upon to repair, replace or rebuild the Improvements or any part thereof. Lessee shall commence the work of Restoration as soon as possible after the damage or destruction occurs and shall be continued with all due diligence until completed regardless of whether the time for completion falls after the expiration of the Term.

(b) The proceeds of insurance, if any, recovered on account of the loss or casualty causing any such destruction or damage, net after reasonable expenses of recovering same (the "Net Proceeds"), shall be applied to the cost of Restoration.

(c) Upon completion of the Restoration, a set of the "as restored" plans shall be delivered to the Lessor by Lessee.

(d) So long as Lessee diligently pursues the Restoration, this Lease shall not terminate or be affected in any manner by reason of damage to or total, substantial or partial destruction of the Improvements or the building service equipment, or by reason of the untenantability thereof or any part thereof, and Lessee does hereby expressly waive any such right or privilege now granted or created under the provisions of any of the real property laws of the state of Florida or any similar law, rule or regulation now or hereafter in effect relating to the damage or destruction of the Improvements from any cause. The rent reserved herein and all other charges shall be paid by Lessee in accordance with the agreements, terms, and covenants and conditions hereof, notwithstanding the happening of any such event, without any claim for any abatement, refund, diminution or reduction whatsoever. Notwithstanding the above, in the event that Restoration is not completed upon the date that is four (4) years following the date of the damage or destruction, Lessor may, in Lessor's sole and absolute discretion, elect to terminate this Lease.

12. Control of Premises; Indemnity. Lessee shall be in exclusive control of all Improvements constructed on the Premises, and the Lessor shall not in any event whatsoever be liable for any injury or damage to any property or to any person happening on, in, or about the Premises or the Improvements or any other appurtenances thereto, or for any injury or damage to the Premises or the Improvements, or to the property, real or personal, whether belonging to Lessee or any other person, caused by any act, omission, or event whatsoever. Any provisions hereof permitting Lessor to enter and inspect improvements constructed on the Premises are made for the purpose for enabling the Lessor to become informed as to whether Lessee is complying with this Lease, terms, covenants, and conditions hereof, but the Lessor is not under any obligation to do such acts as Lessee shall fail to do. Furthermore, Lessee shall, to the extent permitted by Florida law, be responsible for, and hereby indemnifies and holds harmless Lessor from all acts and omissions of its employees, officers, agents and any other individual entering or using the Premises or the Improvements and shall be responsible for all liability, judgments,

claims, demands, suits, actions, losses, penalties, fines, damages, costs and expenses, including reasonable attorneys' fees, of any kind or nature whatsoever, due to or arising out of or from:

(a) Any breach, violation or nonperformance of any covenant, condition, provision or agreement in this Lease on the part of Lessee to be fulfilled, kept, observed, and performed, and

(b) Claims of every kind or nature arising out of the use and occupation by Lessee of the Premises or the Improvements, including, without limitation, any damage to property occasioned or arising out of the use and occupation thereof by Lessee or by any sublessee, subtenant, or assignee of Lessee, or by any guest or invitee of any of them, any injury to any person or persons, including death resulting at any time there from, occurring in or about the Premises or the Improvements or the walkways and sidewalks within the Premises. The Lessee shall further cause all assignees and sublessees of the Premises or the Improvements thereon, or any portion of either, to so indemnify and hold the Lessor harmless to the fullest extent permitted by law and shall have such obligation set forth in a form acceptable to Lessor.

Nothing contained in this Section 12 shall be interpreted to require that Lessee indemnify Lessor for damages resulting from the negligent or intentional acts of Lessor or Lessor's employees, officers or agents. Additionally, except with respect to Lessor's rights under this Section and to Lessor's rights under the remainder of this Lease, nothing contained in this section shall constitute a waiver by Lessee of its sovereign immunity and the limitations set forth in Section 768.28, Fla. Stat.

13. Costs, Expenses and Taxes. Lessee covenants and agrees with the Lessor that Lessee shall pay, throughout the Term, all taxes, assessments, water and sewer rents, rates and charges, excises, levies, licenses and permit fees and other governmental charges, general and special, ordinary and extraordinary, unforeseen and foreseen, imposed by any governmental authority, which at any time during the Term of this Lease may be assessed, levied, imposed upon or arise or become due and payable out of or in respect of, or become a lien on, the Premises, or any part thereof or any appurtenance thereto, (hereinafter referred to collectively as "Impositions"). All Impositions shall be paid directly to the taxing authority before any fine, penalty, interest, or cost may be added thereto, or become due or be imposed by operation of law for the nonpayment thereof. If Lessee desires to contest the amount or validity of any Impositions, Lessee may do so without being in default hereunder as to Lessee's obligations to pay Impositions, provided Lessee gives the Lessor notice of Lessee's intention to do so and furnishes the Lessor with a bond acceptable in form to the Lessor made by a surety company qualified to do business in Leon County, Florida and acceptable to the Lessor, or pays cash to a recognized escrow agent in the amount of one and one-half (1.5) times the amount of the Impositions intended to be contested, conditioned to any such tax or tax items when the validity thereof shall have been determined, and which written notice and bond or equivalent security shall be given by Lessee to the Lessor, not later than a day which is 15 days before the Impositions proposed to be contested would otherwise become delinquent. Lessee shall also pay directly to the proper authorities charged with the collection thereof all charges for water, sewer, gas, electricity, telephone and other utilities or services used or consumed on the Premises, whether called charge, tax, assessment, fee or otherwise, all such charges to be paid as the same

from time to time become due. In the event that Lessee shall fail, refuse, or neglect to either make any or either of the payments in this paragraph required, or to contest the payment of any such amounts as permitted in this paragraph, then the Lessor (without limitation as to any of the Lessor's other remedies hereunder) may, at its option, after having given Lessee not less than ten (10) days prior written notice, pay the same (but the Lessor shall not be required to do so) and the amount or amounts of money so paid, including reasonable attorneys' fees and expenses which were incurred because of or in connection with such payments, together with interest on all such amounts, at a rate equal to the maximum legal interest rate, shall be repaid by Lessee to the Lessor, upon the demand of the Lessor, as additional rent, and the payment thereof may be collected or enforced by the Lessor in the same manner as though such amount were an installment of rent specifically required by the terms of this Lease to be paid by Lessee to the Lessor, upon the day when the Lessor demands repayment thereof or reimbursement thereof of and from Lessee; but the election of the Lessor to pay such Impositions, taxes, or charges shall not waive any default under this Lease which may have been committed by Lessee in connection with such failure to pay such taxes or charges.

14. Use of the Improvements by Tallahassee Memorial HealthCare and affiliates. Lessee acknowledges its agreement to allow Lessor's affiliate, Tallahassee Memorial HealthCare, Inc. ("TMH") or affiliates of TMH the reasonable use, without charge, of the Improvements. Lessee will work diligently and in good faith to accommodate and schedule such use of classroom, auditorium, conference room, common area and other education areas of the Premises and Improvements by TMH or affiliates of TMH, on an "as available" basis such that TMH's use does not disrupt the ordinary operations of Lessee. TMH will provide appropriate insurance coverage(s) during such times as it uses the Premises and the Improvements. Upon completion of the use of any portion of the Premises and Improvements, TMH will be responsible for returning such space to the state in which it was found immediately prior to such usage. In connection with any use by TMH of the Improvements, TMH shall be responsible for and shall pay any costs or out of pocket expenses incurred by Lessee which are directly related to the use of the Improvements by TMH or an affiliate of TMH.

15. Compliance with Laws. Lessee shall promptly comply with all laws and ordinances, and all orders, rules, regulations, and requirements of federal, state, and local governments and appropriate departments, commissions, boards, and officers of these governments ("Legal Requirements") throughout the term of this Lease, and without cost to the Lessor. Lessee shall promptly comply with these Legal Requirements whether they are foreseen or unforeseen, ordinary or extraordinary. Lessee shall have the right, after prior written notice to the Lessor, to contest the validity of any Legal Requirements by appropriate legal proceedings, provided that the Lessor will not be subject to any criminal or civil liability as a result of any legal contest. Lessee shall, to the extent permitted by Florida law, indemnify and hold the Lessor harmless from all loss, claims, and expenses, including reasonable attorney's fees, as a result of Lessee's failure to comply with Legal Requirements or any contest relating to Legal Requirements. The Lessee shall further cause any assignees and sublessees of the Premises or the Improvements thereon, or any portion of either, to so indemnify and hold the Lessor harmless to the fullest extent permitted by law and shall have such obligation set forth and executed in a form acceptable to the Lessor.

16. Improvements and Liens.

a. Construction of Improvements. Lessee or an affiliate of Lessee shall cause construction of the Improvements, any other improvements and any alterations or additions to such Improvements together with all required landscaping and parking, to conform in all respects with local building code requirements, zoning requirements, and this Lease. Once the work is commenced, Lessee shall use reasonable diligence in seeking the completion of the construction of the Improvements, any other improvements and any alterations or additions to such Improvements. All work shall be performed in a good and workmanlike manner, and shall comply with all applicable governmental permits, laws, ordinances, and regulations and permitted variances thereto.

b. Default of Lessee to Construct the Facility and Improvements. In the event that Lessee fails to cause the construction of the Improvements to commence on or before the date that is twenty four (24) months following the Effective Date and thereafter diligently pursue completion of such construction, Lessor may terminate this Lease and Lessee shall be responsible for any and all expense, costs, fees, reimbursements or other charges associated with any such termination, including, but not limited to reimbursement of the Florida Department of Education as described in Section 3 hereof.

c. Lessor Approvals. Lessor has been provided with certain drawings representing the exterior appearance and elevation of the Improvements (the "Drawings"). The Drawings were provided as two separate documents which were prepared by Clemons, Rutherford & Associates, Inc. both of which are labeled at CRA proj # 05092. The first document which includes the Drawings is further identified as "South & East Elevations, A2.1." The second document which includes the Drawing is further identified as "North & West Elevations, A2.2." Both of the aforementioned documents are collectively referred to as the Drawings and are attached hereto as Exhibit. The Improvements shall be constructed such that the exterior appearance is in substantial compliance with the Drawings and shall be constructed of high quality materials. Once the Improvements are constructed, Lessee shall not (i) add to the exterior of the Improvements, (ii) make any alteration to the exterior of the Improvements nor (iii) make any additional improvements to the Premises (excluding any future alterations which solely impact the interior of the Improvements and which do not in any way impact the structural integrity nor the appearance of the exterior of the Improvements) unless Lessor gives its written consent to such alterations or improvements, which Lessor may give or withhold in Lessor's sole and absolute discretion. Any and all improvements to the Premises must be made in compliance with all laws, rules, regulations and local building codes.

d. Insurance. With respect to the construction of the Improvements, any other improvements and any alterations or additions to such Improvements Lessee shall procure insurance as required in Section 10 hereof and any other insurance as is reasonably requested by Lessor.

e. Bonds. Lessee shall furnish, or cause to be furnished, a payment bond and a performance bond, both reasonably satisfactory to Lessor to ensure the prompt and faithful

performance of the proposed construction and payment therefore. The amount of such bonds shall be equal to one hundred percent (100%) of the construction costs relating to the construction of the Improvements or any other improvements.

f. Liens. Lessee shall not create, permit, or suffer any mechanics' or other liens or encumbrances on or affecting the Premises or the fee estate of the Lessor. If any mechanic's lien or other lien, claim of lien, attachment, judgment, execution, writ, charge or encumbrance is filed against the Premises or this leasehold, or any alterations, fixtures or improvements therein or thereof, as a result of any work performed by or at the direction of Lessee or any of Lessee's agents, Lessee will discharge same of record within ten (10) days after the filing thereof, failing which Lessee will be in default under this Lease. If Lessee shall fail to cause the lien or encumbrance to be so discharged, then in addition to any other right or remedy of the Lessor, the Lessor shall be entitled but not obligated to discharge the lien or encumbrance either by paying the amount claimed to be due or by procuring the discharge by deposit or by bonding proceedings. In any event, the Lessor shall be entitled to compel the prosecution of an action for the foreclosure of any lien or encumbrance by the lienor and to pay the amount of the judgment for and in favor of the lienor with interest, cost, and allowances if the Lessor elects to take this action. All amounts paid by the Lessor and all of its costs and expenses in connection with the actions taken by the Lessor, including court costs, reasonable attorney's fees, and interest at the highest legal rate in effect at the time these monies are due, shall be deemed to be additional rent under this Lease and shall be paid by Lessee to the Lessor promptly on demand by the Lessor. The Lessor shall not be liable for any labor, services, or materials furnished or to be furnished to Lessee or to any sublessee in connection with any work performed on or at the Premises, and no mechanic's lien or other lien or encumbrance for any labor, services, or materials shall attach to or affect the Lessor's fee estate. Further, Lessee acknowledges that Lessee, with respect to improvements or alterations made by Lessee or caused to be made by Lessee hereunder, shall promptly notify the contractor making such improvements to the Premises of this provision exculpating Lessor from liability for such liens.

17. Extension of Term. The Term of this Lease may be extended by mutual agreement of the parties upon such terms and conditions as may be negotiated by the parties.

18. Default and Remedies. In the event that Lessee should fail to pay any amount due hereunder or fail to observe or perform or cause to be observed or performed any term, covenant, or agreement under this Lease, and should such failure continue for a period of thirty (30) days after Lessor's written notice specifying the nature of such failure, or should Lessee or a sublessee on its behalf, fail to begin construction of the Improvements on the Premises for the uses previously set forth in this Lease within twenty four (24) months following the Effective Date hereof and continuously pursue such construction until completion, then such event shall constitute a default under this Lease. Additionally, in the event that the Improvements are damaged or destroyed in whole or in part and, in the event that Lessee fails to repair or reconstruct such Improvements within a reasonable period of time following such damage or destruction (such period of time not to exceed 30 months from the date of the damage or destruction) then such event shall constitute a default under this Lease. Should any event of default by Lessee occur, the Lessor may elect to terminate Lessee's right of possession under this Lease after thirty (30) days from the Lessor's written notice of such election to Lessee. If this

notice is given, all of Lessee's rights, title, and interest in the Premises shall expire completely at the end of the thirty (30) days, and Lessee shall quit and surrender the Premises and the Improvements erected on the Premises to the Lessor free and clear of all lien, mortgages and other encumbrances of any kind or nature. At any time after the termination of Lessee's right of possession under this Lease, the Lessor may enter and possess the Premises and the Improvements thereon by summary proceedings or otherwise, and the Lessor may remove Lessee and all other persons and property from the Premises and the Improvements thereon. The Lessor, in such event, shall further possess the Premises and the Improvements thereon and shall assume the right to receive all rent, income, and profits from the Premises and the Improvements. If on the effective date of such termination the Improvements on the Premises is not substantially complete, the Lessee shall restore the Premises to their condition prior to commencement of construction or shall complete construction of the Improvements, as applicable and at the Lessor's discretion.

In the event of such termination, and in addition to its obligations to the Lessor under this Lease, the Lessee shall be required to reimburse, in the same manner and amount as set forth in Paragraph 3 of this Lease in regard to termination without default or breach by Lessee, funds provided by the state of Florida for construction of the Facility and other improvements on the Premises. Lessee further expressly agrees to pay all expenses that the Lessor may incur for reasonable attorney's fees, brokerage commissions, and all other costs paid or incurred by the Lessor for enforcing the terms and provisions of this Lease, restoring the Premises and Improvements thereon to good order and condition, and for maintaining any Premises and the Improvements thereon.

19. Surrender. At the Expiration Date or upon termination of this Lease pursuant to a right to terminate granted in this Lease, the Premises and the Improvements and all other improvements upon the Premises shall, without compensation to Lessee or any other party, then become the sole property of Lessor or Lessor's designee, free and clear of all claims to or against them by Lessee or any third person claiming through Lessee, and all liens, security interests, and encumbrances created by or through Lessee and Lessee shall defend and indemnify Lessor against all liability and loss, including but not limited to reasonable attorneys' fees and costs through litigation and all appeals, arising from such claims, liens, security interests and encumbrances. The Premises and Improvements shall be surrendered to Lessor in good order, condition and repair. At the Expiration Date or upon termination of this Lease pursuant to a right to terminate granted in this Lease, Lessee and any approved subtenants shall have the right to remove any or all personal property of Lessee or any approved subtenants from the Premises and the Improvements, provided all resultant injuries to the Premises or the Improvements are remedied. Any personal property of Lessee or its approved subtenants that remains on the Premises after the expiration or termination date shall be deemed abandoned and, at Lessor's election, may be retained by Lessor as Lessor's property, disposed of by Lessor, without accountability, in such manner as Lessor sees fit (including having the same stored at the risk and expense of Lessee), or required by Lessor's written notice to Lessee to be removed by Lessee. The provisions of this Section shall survive the expiration of this Lease.

20. Waiver. The failure of the Lessor or Lessee to seek redress for violation of, or to insist on the strict performance of, any covenant, agreement, term, provision, or condition of this

Lease shall not constitute a waiver of the same. No provision of this Lease shall be deemed to have been waived unless such waiver is in writing and signed by the party against whom the enforcement is sought.

21. Amendment. This Lease may be amended only by written instrument signed by both the Lessor and Lessee.

22. Notices. All notices required by law or this Lease given by one party to the other shall be in writing by certified mail, return receipt requested. All such notices shall be addressed as follows:

To the Lessor: G. Mark O'Bryant, President and CEO  
Tallahassee Memorial HealthCare, Inc.  
1300 Miccosukee Road  
Tallahassee, FL 32308

To the Lessee: The President  
Tallahassee Community College  
444 Appleyard Drive  
Tallahassee, FL 32304

Such addresses or individuals to receive notice may be changed from time to time by either party in writing served in accordance with this paragraph.

23. Entire Agreement. This Lease constitutes the whole agreement of the parties, and there are no promises, terms, conditions, or other obligations in regard to the subject matter hereof other than those set forth herein. This Lease shall supersede all previous communications, discussions, representations, proposals, or agreements, either verbal or written, between the parties hereto and not contained herein.

24. Acknowledgment by Lessee; Subordination. Lessee agrees that this Lease will be subordinate to any mortgage now on the Premises or that Lessor may place on the Premises hereafter. Lessee further agrees, upon written request by Lessor, to execute any documents confirming said subordination within seven (7) business days of such written request by Lessor. Lessee further agrees and acknowledges that the Premises and this Lease are subject and subordinate to that Tallahassee Memorial HealthCare Facility Development Agreement dated April 10, 2000 (recorded in the Leon County, Florida public records at Official Records Book 2363, Page 422), and the First Amendment to Tallahassee Memorial HealthCare Facility Development Agreement dated February 1, 2007 (recorded in the Leon County, Florida public records at Official Record Book 3653, Page 1001) and a Second Amendment to Tallahassee Memorial HealthCare Facility Development Agreement which is currently being reviewed by the City of Tallahassee for approval, the Tallahassee Memorial HealthCare Facility Development Agreement and amendments thereto (herein collectively referred to as the "Development Agreement"), such Development Agreement being between Lessor, Tallahassee Memorial HealthCare, Inc. and the City of Tallahassee. Lessee agrees that Lessee will not violate or cause Lessor to violate any of the terms of said Development Agreement, as amended. Furthermore,

Lessee acknowledges that, as a part of the development of the larger campus of which the Premises is a part, Southeast Community Health Services, Inc. has dedicated a large parcel of property to the City of Tallahassee (such parcel includes the Premises). The City of Tallahassee has agreed to lease the property to Tallahassee Memorial HealthCare, Inc. under a long-term lease. This Lease is subject to the lease agreement between the City of Tallahassee and Tallahassee Memorial HealthCare, Inc. (the "City Lease"). A copy of the existing City Lease as amended is attached hereto as Exhibit C.

25. Eminent Domain. If at any time during the term of this lease the whole or any part of the Premises shall be taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain, or in the event there is a conveyance of the premises or any portion thereof in lieu of such exercise by any such power or authority, the Lessor shall be entitled to and shall receive any and all awards that may be made in any such proceeding; and the Lessee hereby assigns and transfers to the Lessor any and all such awards that may be made to Lessee. The Lessee shall not be entitled to any of the proceeds from such taking including, but not limited to, any payment based on the unexpired term of this lease or extensions thereof, any payment for consequential or severance damage to the land not so taken, except as provided below any payment for improvements taken, or any payment for any cost to cure the remaining land. Lessee shall not be entitled to recover any payment which reduces or otherwise adversely affects the amount of compensation which Lessor would otherwise recover if this lease were not in place. Subject to the qualifications set out above, and so long as Lessee's recovery of said awards does not reduce or otherwise adversely affect Lessor's recovery, Lessee shall be entitled to recover any separate award of compensation for (1) damages to its business caused by the condemnation; (2) the value of its personal property or trade fixtures taken or damages to its personal property or trade fixtures caused by the condemnation; and (3) costs of relocating its personal property and trade fixtures. Notwithstanding the above, and provided Lessee is in full compliance with all terms and conditions of this Lease, in the event of a taking of improvements which were originally paid for by Lessee, Lessee shall be entitled to recover from the final proceeds of any taking or conveyance in lieu thereof, Lessee's Portion of the depreciated value of such improvements only as of the latter of (a) the date of the taking or conveyance in lieu thereof, or (b) the date of last occupancy of the Premises by Lessee. As used in the immediately preceding sentence, the term "Lessee's Portion" shall be the depreciated value of the improvements divided by the number of years in the initial Term, and multiplied by the remaining number of years in the initial Term. If this lease is extended beyond the initial Term, Lessor shall be entitled to any and all compensation paid for the taking or conveyance in lieu thereof, including but not limited to any compensation paid for the Improvements as well as the other items of compensation to which Lessor is entitled hereunder.

If such proceedings shall result in a taking of the whole or substantially all of the leased Premises, then in such event this lease shall terminate and expire on the date of such taking, and the net rent, past or additional rent, and other sums or charges provided in this lease to be paid by the Lessee shall be apportioned and paid on the date of such taking or loss of occupancy of the premises, whichever is last to occur.



In the event a portion of the Premises shall be so appropriated or taken and the remainder of the Premises shall not be suitable for the use then being made of the Premises by Lessee, or if the remainder of the Premises is not one undivided parcel of property, either party shall have the right to terminate this Lease as of the date of such taking on giving the other party written notice of such termination. In the event of such partial taking and neither party so terminates the Lease, then this Lease shall continue in full force and effect as to the part not taken, with no adjustment in rent.

26. Taxes.

(a) Real and Personal Property. From and after the Effective Date, Lessee shall pay or cause to be paid (including direct payment to the appropriate taxing authority, if applicable), without abatement, deduction, or offset, all real and personal property taxes, general and special assessments, and all other charges, assessments and taxes of every description, levied on or assessed against: [i] the Premises; [ii] the Improvements and any other improvements located on the Premises; and [iii] personal property owned by Lessee and located on or in the Premises or the Improvements; the leasehold estate, or any sub-leasehold estate, to the full extent of installments payable during the Term (collectively, the “**Taxes**”). Lessee shall make all such payments directly to the appropriate charging or taxing authority before delinquency and before any fine, interest, or penalty shall become due or be imposed by operation of law for their nonpayment. If, however, the law expressly permits the payment of any or all of the above items in installments (whether or not interest accrues on the unpaid balance), Lessee may, at Lessee’s election, utilize the permitted installment method, but shall pay each installment coming due during the Term with any interest before delinquency and before any fine or penalty shall become due or be imposed by operation of law for nonpayment. All payments of taxes or assessments or both, including permitted installment payments, shall be prorated for the initial lease year and for the year in which the Lease terminates. Notwithstanding anything herein to the contrary, Lessee shall be obligated to pay for all development and impact fees for the Improvements, and all related construction and development expenses for the Improvements, from and after the Effective Date.

(b) Proof of Compliance. Lessee shall furnish to Lessor, within five (5) days before the date when any tax, assessment, or charge (for which Lessee is responsible hereunder) would become delinquent, receipts or other appropriate evidence establishing payment thereof.

(c) Delivery. Lessor shall promptly deliver to Lessee all invoices, bills, statements, notices and other instruments relating to the payment of Taxes assessed with respect to the Premises and Improvements that Lessor may receive from any taxing authority. No failure by Lessor to deliver any such invoices, bills, statements or notices shall relieve Lessee of its responsibility to pay the same in accordance with the terms of this Article, but Lessee shall not be in default under this Lease unless Lessee fails to pay any such Taxes after receipt of any such invoice, bill, statement, notice or other instrument relating to the payment of such impositions.

(d) Right to Contest. Lessee shall have the right to diligently contest by appropriate legal proceedings, as permitted under applicable law, the validity or amount of any Taxes required to be paid by Lessee pursuant to this Article. Lessee shall promptly notify Lessor of any such contest, and Lessee’s legal basis therefor. Lessee may withhold or defer payment of any

such obligation, or pay such obligation under protest, but shall defend (by counsel reasonably acceptable to Lessor), indemnify, protect and hold Lessor and the Premises and improvements harmless from any lien which might result from such contest and shall reimburse Lessor for all attorneys' fees and all costs and expenses incurred by Lessor in defending or otherwise protecting against such liens. Prior to undertaking any such contest, Lessee, at Lessor's request, shall post a bond or other security reasonably acceptable to Lessor. Any amount already paid by Lessee and subsequently recovered as the result of such contest or review shall be for the account of Lessee.

(e) Lessor Participation. Lessor shall not be required to join in any proceeding or contest brought by Lessee as set forth above unless the law requires that such proceeding or contest be brought by or in the name of Lessor or the owner of the Premises, in which case Lessor's participation shall be at Lessee's sole cost and expense. Lessee shall immediately pay, bond over with surety or discharge any Tax, together with all costs, charges, interest and penalties incidental thereto, determined to be due as a result of any such proceeding or contest.

27. Net Lease. It is the intent of the parties that this Lease be an all net lease with Lessee being responsible for any and all costs, expenses, fee, taxes or other charges relating in any way to the Premises or the Improvements or the operation thereof. No provision of this Lease shall be interpreted to reduce the generality of the preceding sentence nor of the following: From and after the Effective Date, Lessee shall pay all costs, charges, insurance premiums, taxes, utilities, expenses and assessments of every kind and nature incurred for, against, or in connection with the Premises or the Improvements, including without limitation all assessments, both regular and special, which may be due to any property association to which Lessee is a party by virtue of recorded declarations, covenants and restrictions affecting the Premises, as same may be amended from time to time. All such costs, charges, insurance premiums, taxes, utilities, expenses and assessments covering the Premises or the Improvements shall be approximately prorated upon the Effective Date and upon the expiration of this Lease, except for any expenses such as insurance premiums which are not being assumed by or transferred for the benefit of Lessor. Lessor shall not have any liability or responsibility for development fees, impact fees or other similar fees or charges pertaining to or arising out of development of the Improvements. Lessee shall pay all such fees or otherwise cause payment by the proper party responsible for payment.

## 28. Hazardous Materials

### 28.1 Definitions.

(a) "**Hazardous Materials**" shall mean any material, substance or waste that is or has the characteristic of being hazardous, toxic, ignitable, reactive or corrosive, including, without limitation, petroleum, PCBs, asbestos, materials known to cause cancer or reproductive problems and those materials, substances and/or wastes, including infectious waste, medical waste, and potentially infectious biomedical waste, which are or later become regulated by any local governmental authority, the state in which the Premises are located (the "**State**") or the United States Government, including, but not limited to, substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended,

42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; all corresponding and related State and local statutes, ordinances and regulations, including without limitation any dealing with underground storage tanks; and in any other environmental law, regulation or ordinance now existing or hereinafter enacted (collectively, “**Hazardous Materials Laws**”).

(b) “**Mold**” shall mean any mold, mildew, fungus or other potentially dangerous organisms.

(c) “**Mold Condition**” shall mean the presence or suspected presence of Mold or any condition(s) that reasonably can be expected to give rise to or indicate the presence of Mold, including, but not limited to, observed or suspected instances of water damage or intrusion, the presence of wet or damp wood, cellular wallboard, floor coverings or other materials, inappropriate climate control, discoloration of walls, ceilings or floors, complaints of respiratory ailment or eye irritation by Lessee, the Lessee Parties, any Subtenant or any employees, invitees or other third Persons entering upon, using or occupying the Premises or the Improvements, or any portion thereof, at the request or invitation of any of the foregoing, or any notice from a governmental agency of complaints regarding the indoor air quality at the Premises or the Improvements.

(d) “**Mold Inspector**” shall mean an industrial hygienist certified by the American Board of Industrial Hygienists (“**CIH**”) or an otherwise qualified mold consultant selected by or Lessee and reasonably approved by Lessor.

(e) “**Mold Remediation Requirements**” shall mean the relevant provisions of the document *Mold Remediation in Schools and Commercial Buildings* (EPA 402-K-01-001, March 2001), published by the U.S. Environmental Protection Agency, as may be amended or revised from time to time, or any other applicable, legally binding federal state or local laws, regulatory standards or guidelines.

## **28.2 Lessor’s Hazardous Materials Representations and Warranties.**

Lessor represents and warrants that; [i] Lessor has no actual knowledge of any existing or prior release or discharge of any Hazardous Materials on the Premises; [ii] Lessor has not received any written request for information, notice, demand letter, administrative inquiry or formal complaint or claim from or by any public or private agency or entity concerning any release or discharge of any Hazardous Materials on, under, about the Premises alleging violation of any Hazardous Materials; [iii] no litigation is pending or, to Lessor’s current actual knowledge, threatened with respect to the Premises concerning any Hazardous Materials or any Hazardous Materials Laws. No lien has been imposed or, to Lessor’s current actual knowledge of Lessor without investigation, threatened to be imposed against the Premises by any governmental agency or entity in connection with the presence of Hazardous Materials or violation of any Hazardous Materials Laws on the Premises.

## **28.3 Remediation of Contamination Caused by Lessee.**

(a) Use. Lessee hereby agrees that Lessee and Lessee’s officers, directors, employees, representatives, agents, contractors, subcontractors, successors, assigns, lessees, subtenants, concessionaires, invitees and any other occupants of the Premises or Improvements (for purpose of this Section 28, referred to collectively herein as “**Lessee’s Parties**”) shall not

use, generate, manufacture, refine, produce, process, store or dispose of, on, under or about the Premises or the Improvements or transport to or from the Premises or the Improvements in the future for the purpose of generating, manufacturing, refining, producing, storing, handling, transferring, processing or transporting Hazardous Materials, except in compliance with all applicable Hazardous Materials Laws. Furthermore, Lessee or Lessee's Parties shall, at their own expense, procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for the storage or use by Lessee or any of Lessee's Parties of Hazardous Materials in, on, under or about the Premises or the Improvements, including without limitation, discharge of (appropriately treated) materials or wastes into or through any sanitary sewer serving the Premises or the Improvements.

(b) Remediation. If at any time during the Term any contamination of the Premises or the Improvements by Hazardous Materials shall occur where such contamination is caused by the act or omission of Lessee or Lessee's Parties ("**Lessee Contamination**"), then Lessee or Lessee's Parties, at their sole cost and expense, shall promptly and diligently remove such Hazardous Materials from the Premises and the Improvements, or the groundwater underlying the Premises, to the extent reasonably possible in accordance with the requirements of the applicable Hazardous Materials Laws and industry standards then prevailing in the Hazardous Materials management and remediation industry in the State. However, Lessee shall not take any required remedial action in response to any Lessee Contamination in or about the Premises or the Improvements or enter into any settlement agreement, consent, decree or other compromise in respect to any claims relating to any Lessee Contamination without first notifying Lessor of Lessee's intention to do so and affording Lessor the opportunity to appear, intervene or otherwise appropriately assert and protect Lessor's interest with respect thereto. In addition to all other rights and remedies of the Lessor hereunder, if Lessee does not promptly and diligently take all steps to prepare and obtain all necessary approvals of a remediation plan for any Lessee Contamination, and thereafter commence the required remediation of any Hazardous Materials released or discharged in connection with Lessee Contamination within thirty (30) days after Lessor has reasonably approved Lessee's remediation plan and all necessary approvals and consents have been obtained and thereafter continue to prosecute said remediation to completion in accordance with the approved remediation plan, then Lessor, in its sole discretion, shall have the right, but not the obligation, to cause said remediation to be accomplished, and Lessee shall reimburse Lessor within fifteen (15) business days of Lessor's demand for reimbursement of all amounts reasonably paid by Lessor (together with interest on said amounts at the rate of 10% until paid), when said demand is accompanied by proof of payment by Lessor of the amounts demanded. Lessee shall promptly deliver to Lessor copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises or the Improvements as part of Lessee's remediation of any Lessee Contamination.

(c) Disposition of Hazardous Materials. Except as discharged into the sanitary sewer or otherwise removed from the Premises and the Improvements (each in strict accordance and conformity with all applicable Hazardous Materials Laws), Lessee shall cause any and all Hazardous Materials removed as part of the required remediation of Lessee Contamination to be removed and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such materials and wastes.

(d) No Mold Conditions. Without limiting the generality of any other provision of this Lease, Lessee covenants and agrees that neither Lessee nor any Lessee Party shall create or permit to exist in or about the Premises or Improvements any Mold Condition, and Lessee shall, at its sole cost and expense, regularly monitor the Premises and the Improvements for the presence of Mold and Mold Conditions as may be commercially reasonable under the circumstances; provided, however, that Lessor recognizes that it is reasonable for such monitoring to take into consideration the condition or make-up of the outside air in Tallahassee, Florida at the time of monitoring, such as humidity levels and other weather-related factors. In the event of suspected or actual Mold or Mold Conditions at the Premises or the Improvements, Lessee shall promptly (but in any event within five (5) days of the discovery thereof) notify Lessor in writing of the same and the precise location thereof.

(e) Remediation of Mold. In the event of suspected Mold or Mold Conditions at the Premises or the Improvements, Lessee, at its sole cost and expense, shall promptly cause an inspection of the Premises and the Improvements to be conducted to determine if Mold or Mold Conditions are present at the Premises or the Improvements, in accordance with the Mold Remediation Requirements. In the event that the Mold Remediation Requirements require a Mold Inspector to conduct an inspection, Lessee shall notify Lessor, in writing, at least three (3) days prior to the inspection, of the date on which the inspection shall occur, and which portion of the Premises or the Improvements shall be subject to the inspection. Lessee shall cause such Mold Inspector to perform the inspection in a manner that is strictly confidential and consistent with the duty of care exercised by a Mold Inspector and to prepare an inspection report, keep the results of the inspection report confidential, and promptly provide a copy to Lessor. In accordance with the Mold Remediation Requirements or in accordance with any remediation plan recommended by a Mold Inspector, if so required, Lessee shall promptly, at Lessee's sole cost and expense, hire a trained and experienced Mold remediation contractor(s) to completely clean-up and remove from the Premises and the Improvements all Mold or Mold Conditions. All such clean-up, removal and remediation shall be conducted to the satisfaction of any governmental authority with jurisdiction and otherwise in strict compliance with all Mold Remediation Requirements. Such clean-up, removal and remediation shall also include removal and replacement of any infected host materials as well as any repairs and refinishing required as the result of such removal and replacement. Any clean-up, removal and or other remediation of Mold or any Mold Condition must be completed in its entirety prior to the expiration of this Lease.

---

#### **28.4 Notice of Hazardous Materials Matters.**

Each Party hereto (for purposes of this Section, “**Notifying Party**”) shall immediately notify the other party (the “**Notice Recipient**”) in writing of: [i] any enforcement, clean-up, removal or other governmental or regulatory action instituted, contemplated or threatened concerning the Premises or the Improvements pursuant to any Hazardous Materials Laws; [ii] any claim made or threatened by any Person against the Notifying Party or the Premises or Improvements relating to damage contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials on or about the Premises or the Improvements; and [iii] any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Premises or the Improvements, including any complaints,

notices, warnings or asserted violations in connection therewith, all upon receipt by the Notifying Party of actual knowledge of any of the foregoing matters. Notifying Party shall also supply to Notice Recipient as promptly as possible, and in any event within five (5) business days after Notifying Party first receives or sends the same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises or the Improvements, or Lessee's use thereof.

**28.5 Indemnification by Lessee.**

Lessee shall indemnify, defend (by counsel reasonably acceptable to Lessor), protect, and hold Lessor, and each of Lessor's partners (if applicable), employees, agents, attorneys, shareholders, officers, successors and assigns, free and harmless from and against any and all claims, actions, causes of action, liabilities, penalties, forfeitures, damages, losses or expenses (including, without limitation, attorneys' fees and costs through litigation and all appeals) resulting from death of or injury to any Person or damage to any property whatsoever, to the extent arising from or caused directly or indirectly by: [i] any Lessee Contamination, [ii] Lessee's failure to comply with any Hazardous Materials Laws with respect to the Premises and the Improvements, [iii] the presence of any Mold or Mold Condition on or in the Premises or the Improvements or [iv] a breach of any covenant, warranty or representation of Lessee under this Article 5. Lessee's obligations hereunder shall include all costs of any required or necessary repair, clean-up or detoxification or decontamination of or relating to the Premises and the Improvements, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith. Lessee shall have no indemnification obligations for conditions existing prior to the Effective Date.

**29. Memorandum of Lease.** On or before the Effective Date, Lessor and Lessee shall execute and acknowledge a memorandum of this Lease for purpose of recordation. This memorandum shall be in the form attached hereto as Exhibit B and incorporated herein by reference.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed by their duly authorized representative effective the day and year first written above.

SOUTHEAST COMMUNITY HEALTH SERVICES,  
INC.

"Lessor"

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_

THE DISTRICT BOARD OF TRUSTEES OF  
TALLAHASSEE COMMUNITY COLLEGE

“Lessee”

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

President

ATTEST:

\_\_\_\_\_

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_





Exhibit B

MEMORANDUM OF LEASE

Prepared by:

Mark T. Haney, Esq.  
Pennington, Moore, Wilkinson, Bell & Dunbar, P.A.  
215 South Monroe Street, Second Floor  
Tallahassee, Florida 32301

**MEMORANDUM OF LEASE**

This Memorandum of Lease is made this \_\_\_\_\_ day of May, 2009, between \_\_\_\_\_, a Florida limited liability company, with a mailing address of \_\_\_\_\_ (hereinafter referred to as "Lessor"), and \_\_\_\_\_, a Florida corporation, with a mailing address of \_\_\_\_\_ (hereinafter referred to as "Lessee").

**WITNESSETH**

Lessee, as tenant, entered into a Ground Lease Agreement (hereinafter the "Lease") with Lessor dated effective \_\_\_\_\_ whereby Lessee leased the real property set forth in the Exhibit "A" attached hereto from Lessor in Tallahassee, Leon County, Florida (hereinafter referred to as the "Property").

The material terms of that Lease are as follows:

1. **Premises:** The Premises includes that property located at \_\_\_\_\_, further identified by Leon County Parcel I.D. No. \_\_\_\_\_, and described on the Exhibit "A" attached hereto, and the existing building located thereon.

2. **Term:** The initial term of the Lease is approximately \_\_\_\_\_ months. The term starts on \_\_\_\_\_, and terminates on \_\_\_\_\_, unless extended for an additional term pursuant to the Option right to do so contained therein.

3. **Lien Protection:** Lessee has agreed in the Lease to keep the Property free from any liens arising out of any work performed, material furnished or obligations incurred by Lessee. Accordingly, the interest of the Lessor in the Property shall not be subject to liens for improvements made by Lessee. The specific provision in the Lease setting forth this agreement is as follows:

Liens. Lessee shall not create, permit, or suffer any mechanics' or other liens or encumbrances on or affecting the Premises or the fee estate of the Lessor. If any mechanic's lien or other lien, claim of lien, attachment, judgment, execution, writ, charge or encumbrance is filed against the Premises or this leasehold, or any alterations, fixtures or improvements therein or thereof, as a result of any work performed by or at the direction of Lessee or any of Lessee's agents, Lessee will discharge same of record within ten (10) days after the filing thereof, failing which Lessee will be in default under this Lease. If Lessee shall fail to cause the lien or encumbrance to be so discharged, then in addition to any other right or remedy of the Lessor, the Lessor shall be entitled but not obligated to discharge the lien or encumbrance either by paying the amount claimed to be due or by procuring the discharge by deposit or by bonding proceedings. In any event, the Lessor shall be entitled to compel the prosecution of an action for the foreclosure of any lien or encumbrance by the lienor and to pay the amount of the judgment for and in favor of the lienor with interest, cost, and allowances if the Lessor elects to take this action. All amounts paid by the Lessor and all of its costs and expenses in connection with the actions taken by the Lessor, including court costs, reasonable attorney's fees, and interest at the highest legal rate in effect at the time these monies are due, shall be deemed to be additional rent under this Lease and shall be paid by Lessee to the Lessor promptly on demand by the Lessor. The Lessor shall not be liable for any labor, services, or materials furnished or to be furnished to Lessee or to any sublessee in connection with any work performed on or at the Premises, and no mechanic's lien or other lien or encumbrance for any labor, services, or materials shall attach to or affect the Lessor's fee estate. Further, Lessee acknowledges that Lessee, with respect to improvements or alterations made by Lessee or caused to be made by Lessee hereunder, shall promptly notify the contractor making such improvements to the Premises of this provision exculpating Lessor from liability for such liens.

This notice is being provided pursuant to Section 713.10, Florida Statutes.

4. Other Provisions: In addition to those terms referred to above, the Lease contains numerous other terms, covenants, conditions and provisions which affect the Property, and notice is hereby given that reference should be made to the Lease directly with respect to the details of such other terms, covenants, conditions and provisions.

5. Conflicts with Lease: This Memorandum of Lease is solely for notice and recording purposes and shall not be construed to alter, modify, expand, diminish or supplement the provision of the Lease. In the event of any inconsistency between the provision of this Memorandum of Lease and the provision of the Lease, the provisions of the Lease shall govern and control.

IN WITNESS WHEREOF, this Memorandum of Lease has been duly executed by the parties hereto as of the day and year first above written.

Lessor:

SOUTHEAST COMMUNITY HEALTH SERVICES, INC.

\_\_\_\_\_  
Witness

Print Name: \_\_\_\_\_

\_\_\_\_\_  
By:  
Its:

\_\_\_\_\_  
Witness

Print Name: \_\_\_\_\_

Lessee:

THE DISTRICT BOARD OF TRUSTEES  
OF TALLAHASSEE COMMUNITY  
COLLEGE

\_\_\_\_\_

Witness

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

Witness

Print Name: \_\_\_\_\_

STATE OF FLORIDA  
COUNTY OF LEON

The foregoing instrument was acknowledged before me by \_\_\_\_\_  
as Manager of \_\_\_\_\_, on behalf of the company, who is personally  
known to me or who has produced \_\_\_\_\_ as identification.

WITNESS my hand and official seal, this \_\_\_\_\_ day of June, 2009.

\_\_\_\_\_  
Name: \_\_\_\_\_  
NOTARY PUBLIC  
My Commission Expires:

STATE OF FLORIDA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me by \_\_\_\_\_  
\_\_\_\_\_, as \_\_\_\_\_, a Florida corporation, on behalf of the corporation,  
who is personally known to me or who has produced \_\_\_\_\_ as  
identification.

WITNESS my hand and official seal, this \_\_\_\_\_ day of June, 2009.

\_\_\_\_\_  
Name: \_\_\_\_\_  
NOTARY PUBLIC  
My Commission Expires:

EXHIBIT C

COPY OF CITY LEASE