GROUND LEASE AGREEMENT

This Ground Lease Agreement ("Lease"), is made and entered into effective as of the _____ day of _____, 2002, by and between the City of Niceville, Florida, a Florida municipal corporation ("Lessor"), which has an address of 208 N. Partin Drive, Niceville, Florida 32578 and the Niceville-Valparaiso Chamber of Commerce, Inc., a Florida corporation ("Lessee"), which has an address of 170 N. John C. Sims Parkway, Niceville, Florida 32580.

1. Premises. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, that certain real property located in the City of Niceville, Okaloosa County, Florida, more particularly described in Exhibit "A" attached hereto and by reference incorporated herein (the "Leased Premises").

2. Term and Commencement Date. The initial term of this Lease shall be for a period of ninety-nine (99) years commencing on _____, 2002 and terminating unless earlier terminated as provided herein, on _____, 2101. This Lease shall automatically renew at the end of its initial term for an additional term of ninety-nine (99) years under the same terms and conditions of this Lease Agreement except that Lessor can elect not to renew the Lease by giving written notice to Lessee at least twelve (12) months prior to the end of the initial lease term of its intention to exercise its purchase rights under Section 6 of the Lease.

3. Rent. Lessee shall pay Lessor as rent for the Leased Premises the sum of $1.00 annually, with the first payment payable upon the execution of this Lease and each subsequent annual payment due on the yearly anniversary date of the Lease during the term of this Lease and any renewal thereof.

4. Right of Lessee to Construct Improvements. The Lessee shall have the right, at Lessee's sole cost and expense, to construct and install on the Leased Premises a building or buildings, together with sidewalks, utilities, landscape improvements and any additional improvements or structures deemed appropriate by Lessee for the operation of such buildings (the "Improvements"). The Lessee shall have the further right to make alterations to the Improvements and to construct additional Improvements at any time during the term of the Lease. The Improvements and all trade fixtures, furnishings, equipment and other Personal Property (the "Personal Property") placed or maintained on the Leased Premises shall be placed on the Leased Premises in a good and workmanship manner, shall be at Lessee's sole cost, expense and risk, and Lessor shall not be liable for any loss or damage to such Personal Property from any cause whatsoever.

5. Possession of Premises. Upon execution of this Lease by Lessor and Lessee, Lessee shall have the right to possession of the Leased Premises including without limitation, for the purpose of constructing, installing and operating the Improvements pursuant to paragraph 4 hereof and for any and all lawful purposes related thereto.

6. Purchase of Improvements. At the end of the initial lease term the Lessor shall have the

option to purchase from the Lessee the building(s) and all improvements constructed and installed on the Leased Premises at the Fair Market Value of said building(s) and improvements as determined below. The Fair Market Value shall be determined as if the building(s) and other improvements were located on real property owned by the Lessee except that no value shall be included for the actual real property upon which the building(s) and other improvements are located. In the event that Lessor and Lessee cannot agree upon the Fair Market Value of the building(s) and other improvements located on the Leased Premises, Fair Market Value shall be determined by two (2) qualified appraisers (each being a M.A.I. certified member, or equivalent designation existing at the time, of the American Institute of Real Estate Appraisers and each practicing in Okaloosa County, Florida), one of whom shall be appointed by Lessor and one of whom shall be appointed by Lessee, at each of the respective party's own expense. In the event that the two appraisers' independent valuations are within five percent (5%) of each other then the Lessor and Lessee agree that the average of the two appraisals shall be the Fair Market Value for purposes of this Purchase Option. In the event that the difference between the two appraisers' independent valuations is greater than five percent (5%) then a third appraiser shall be designated by the other two appraisers. The third appraiser shall review the valuation reports of the other two appraisers and shall render an independent decision as to the Fair Market Value of the building(s) and other improvements which shall be the final determination of Fair Market Value for the purposes of this Purchase Option. The expenses for the third appraiser shall be borne equally by each of the parties to this Lease. Each of the parties shall retain and designate their respective appraisers within sixty (60) days of written notice by Lessor to Lessee of its intent to purchase the building(s) and other improvements. The Lessor shall close the purchase of the building(s) and other improvements prior to the expiration of the initial lease term. All costs related to the closing (except for the appraisal cost and any loan costs or expenses of the Lessor) shall be shared equally among the Lessor and Lessee.

7. Use and Maintenance. Lessee may use the Leased Premises for any lawful purpose. Lessee shall, at Lessee's sole cost and expense, maintain and repair any and all Improvements constructed or installed on the Leased Premises by Lessee in a good and safe condition and state of repair during the term of this Lease; pay all other costs and expenses of every kind whatsoever of or in connection with the use, operation, and maintenance of the Leased Premises and the business operated thereon; and shall permit no waste of the Leased Premises, nor allow the same to be done, but to take good care thereof (including, but not limited to, maintaining in good condition the grounds and landscaping hereafter located on the Leased Premises). Lessee shall, at its sole cost and expense, comply with all federal, state, county, and municipal statutes, laws, rules, orders, regulations, and ordinances affecting the Leased Premises (including all federal, state and local statutes dealing with hazardous substances and/or materials) and the sidewalks, streets and highways bounding the same, and the occupancy, operation or use thereof, including those which require the making of any structural, unforeseen or extraordinary change, whether or not any such statutes, laws, rules, orders, regulations, and ordinances which may be hereafter enacted involve a change of policy on the part of the government body enacting the same. Lessee shall not unlawfully use, store, or dispose of any hazardous substances upon the Leased Premises. For purposes hereof, "hazardous substances" or "hazardous materials" mean any hazardous waste, substance, or toxic materials regulated under any environmental laws or regulations applicable to the Leased Premises.

Lessor shall not be required to repair or rebuild, or make any repairs, replacements, or renewals whatsoever to the Leased Premises and Lessee hereby waives the right to make repairs at the expense of Lessor as may be provided for in any statute or law in effect during the term of this Lease.

8. Warranties and Representations of Lessor. Lessor hereby warrants and represents as of the of execution hereof:

(a) **TITLE.** That the Lessor owns a marketable and insurable fee simple title to the Leased Premises, free and clear of all encumbrances and title defects.

(b) **EXISTENCE AND AUTHORITY.** That Lessor is a validly existing municipality under the laws of the State of Florida, and that Lessor has full power and authority to execute and deliver this Agreement and to consummate the transaction contemplated herein. This Agreement is a valid and binding agreement and obligation of Lessor in accordance with its terms. Execution and delivery of this Agreement and consummation of the transaction contemplated by this Agreement will not result in any violation of or default under any term or provision of Lessor's charter, ordinances, or any agreement to which Lessor is a party or by which it is bound.

(c) **ADVERSE LITIGATION.** That there is no litigation, investigation or proceeding pending, or to the knowledge of Lessor threatened, against Lessor, which would materially adversely affect the Leased Premises or which would materially impair or otherwise materially affect Lessor's ability to perform its obligations hereunder.

(d) **CONDEMNATION.** That Lessor has not received any notice, or has any knowledge of, any material pending or threatened condemnation, requisition or similar proceeding affecting the Leased Premises or any portion thereof.

(e) **COMPLIANCE WITH APPLICABLE LAWS.** That Lessor has not received notice from any public body that any of the Leased Premises is in violation of any federal, state or municipal orders, codes, rules, regulations, requirements, laws or ordinances (including without limitation those relating to zoning, building, fire, health, safety, environmental protection, occupational protection, age or disability protection, or waste or sewage disposal), or that any licenses, certificates of occupancy or permits required for the operation of the Leased Premises have not been obtained.

9. Utilities. Lessee shall be responsible for obtaining and paying for all utilities services for the Leased Premises.

10. Insurance; Indemnification. Lessee shall indemnify, defend and save Lessor harmless from and against any and all judgments, orders, claims, liabilities, losses, damages, costs and expenses (including reasonable attorneys' fees and court costs), made against, imposed upon or incurred by Lessor and which arise out of or in connection with Lessee's use and occupancy of the Leased Premises. In addition, Lessee shall at all times maintain comprehensive general public liability insurance for personal casualty injury and death in a single limited amount of not less than $500,000. In addition, Lessee shall at all times maintain adequate casualty insurance on the Improvements. Such policy or policies shall name Lessor as an additional insured to the extent of its interest therein, and Lessee shall annually provide Lessor with copies of certificates evidencing such coverage within ten (10) days of the receipt of the policy or policies in question. All insurance shall be obtained from companies licensed to do business in the State of Florida.

11. Damage and Destruction. If the Improvements are damaged in whole or in substantial part [i.e., more than sixty percent (60%) destruction] by fire or other casualty, Lessee shall have the option to terminate this Lease upon giving written notice to Lessor within fifteen (15) days of such destruction. If this Lease is properly and timely terminated pursuant to the foregoing, all rent shall cease as of the date of the notice of termination. If the damage is not substantial [i.e., sixty percent (60%) or less destruction], or if Lessee does not exercise the right to properly and timely terminate this Lease, this Lease shall remain in full force and effect.

12. Condemnation. In the event that the Leased Premises or any part of it is taken in condemnation proceedings or by exercise of any right of eminent domain (or by settlement agreement in lieu thereof between Lessor and those authorized to exercise such right), Lessor shall be entitled to collect only that portion that is specifically allocated to the value of the condemned Leased Premises, less any improvements constructed upon Leased Premises by Lessee. Lessee shall be entitled to collect, and Lessor shall pay over to Lessee, that portion of any payment that is allocated for the improvements. Lessee and Lessor hereby agree to execute any and all documents that may be required to facilitate collection of any and all such awards. Both Lessor and Lessee shall have the right to participate in any condemnation proceedings or agreement.

13. Subletting. The Lessee shall not sublet or sub-rent the Leased Premises without the written permission of Lessor except that Lessee shall be authorized to allow the Leased Premises to be used by other civic, charitable, service or non-profit organizations under terms and conditions as may be established by the Lessee from time to time.

14. Quiet Enjoyment. Lessor, for itself and its successors and assigns, covenants with Lessee that Lessee, upon paying its obligations hereunder and keeping and performing its covenants under this Lease, shall peacefully and quietly hold the Leased Premises throughout the term hereof.

15. Waiver of Subrogation. Lessor and Lessee hereby waive any rights each may have against the other on account of any loss or damage occasioned to Lessor or Lessee, as the case may be, their respective property, or the Leased Premises arising from any risk that is fully covered by fire and extended coverage insurance and special form all-risk insurance. As long as the insurance coverage is adequate to cover the loss in question, each of the parties, on behalf of the respective insurance companies insuring their property against such loss, waives any right of subrogation it may have against the other.

16. Default. Should the Lessee fail to comply with any of the terms of this lease, then the Lessor shall give written notice to the Lessee allowing a period of forty-five (45) calendar days from delivery of the notice to correct the default. If said default is not corrected by that date, the Lessor may at its option, terminate this lease.

17. Notices. Every notice, approval, consent or other communication authorized or required by this Lease shall be effective if given in writing and if hand delivered or sent by United States Registered or Certified Mail, Return Receipt Requested, with postage prepaid, and addressed as either party shall from time to time designate in writing. Every notice shall be deemed to be effective upon delivery, if delivered, or on the second business day after mailing, if mailed. All payments to the Lessor shall be made at the address designated for notices to the Lessor. The initial address for any such communication shall be as follows:

(a) if to Lessor: City of Niceville, Florida.
Attn: Lannie Corbin
City Manager
208 N. Partin Drive
Niceville, Florida 32578

(b) if to Lessee: Niceville-Valparaiso Chamber of Commerce, Inc.
Attn: Executive Director
170 N. John Sims Parkway
Niceville, Florida 32580

18. SEVERABILITY/CONSTRUCTION. In the event that any of the provisions of this Lease shall by court order be held invalid or in contravention of any of the laws of the United States or of any state having jurisdiction over the subject matter or of any dispute arising under it, such invalidation shall not serve to affect the remaining portion of this Lease. To the extent permitted by the laws of the state where the Leased Premises are located, this Lease shall be governed by and construed in accordance with the laws of the State of Florida. Each party hereto hereby acknowledges that all parties hereto participated equally in the drafting of this Agreement and that, accordingly, no court construing this Agreement shall construe it more stringently against one party than the other.

19. COUNTERPARTS. This Agreement may be executed simultaneously in counterparts, any one of which shall be deemed an original.

20. NO AGENCY. The parties hereto agree that the business relationship created by this Lease is solely that of Lessor and Lessee. Nothing contained in this Lease shall make Lessee an agent, legal representative, partner subsidiary, joint venturer or employee of Lessor. Lessee shall have no right or power to and shall not bind or obligate Lessor in any way, matter or thing whatsoever, nor represent that it has any right to do so.

21. Binding Effect. This Lease and the covenants and agreements of the parties hereunder shall be binding upon and inure to the benefit of Lessor and Lessee, their heirs, administrators, executors, personal representatives, successors and assigns.

22. Headings, Meanings of Words, Entire Agreement. The headings used in this Lease are inserted for convenience and are not to be considered in the construction of the provisions of this Lease. This Lease constitutes the entire agreement of the parties and may be amended or modified only in writing, signed by both parties.

23. ATTORNEY'S FEES. In the event that either party defaults in the performance of any of the terms, conditions, covenants or agreements contained in this Lease and the service of an attorney is utilized to enforce any part of this Lease, inclusive of the collection of any rent due or to become due, or for recovery of possession of the Leased Premises, reasonable attorney's fees and costs shall be charged against the defaulting party.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date and year first written above.

ATTEST: LESSOR:

THE CITY OF NICEVILLE, FLORIDA

By:_____ By:_____
Print Name:_____ Print Name:_____
Print Title:_____ Print Title:_____

WITNESSES: LESSEE:

NICEVILLE-VALPARAISO CHAMBER
OF COMMERCE, INC.

_____ By:_____

Witness Print Name:_____ As Its:_____

_____

Witness Print Name:_____