

Ground Lease Proposal – The Landings

GENERAL TERMS:

- PARTIES:** Landlord – City of Clearwater (the “City”)
Tenant – Harrod Properties, Inc., or its assigns (“Tenant”)
- PROJECT:** The Landings Corporate Center (to be built +/- 710,000 SF – Class A - tilt wall industrial project) (the “Project”).
- GROUND LEASE PARCEL:** That portion of the current Landings Golf Course located along Keene Rd. in Clearwater, FL (the “Leased Premises”) is outlined on the aerial photograph attached hereto as Exhibit “A”, consisting of approximately 57.11 acres (including 5.99 acres of stormwater ponds), which shall be superseded by a metes and bounds survey prior to the effective date of the Ground Lease.
- INITIAL GROUND LEASE TERM:** 65 years
- RENEWAL OPTIONS:** Tenant shall have three successive 10-year renewal options.
- REMAINING GOLF COURSE:** The City will enter into a direct lease with the Huston family for the 12.22 acre site that will remain for golf use.
- PARKLAND BUFFER AREA:** The City has indicated that the approximately 8.31 acre subparcel shown on Exhibit “A” immediately to the north and east of the St. Andrews Cove Condominium Phase I and Phase II buildings is to be used for stormwater retention and a public park (the “Parkland Buffer Area”). Although the Parkland Buffer Area is not part of the Leased Premises, Tenant has agreed to construct, at its sole cost and expense, the stormwater ponds and uplands area as shown on Exhibit “A”, together with a four foot wide concrete sidewalk around the perimeter of the stormwater ponds. The City shall grant Tenant non-exclusive drainage easements for the term of the Lease to allow the Project to drain into the stormwater ponds located within the Parkland Buffer Area.
- Additionally, Tenant shall pay to the City, on an annual basis, the sum of \$_____ to defray the cost to the City of maintaining the uplands portion of the Parkland Buffer Area. This amount shall be adjusted every five years, consistent with the ground rent escalation provisions contained herein.
- Tenant shall be responsible for the maintenance of the stormwater ponds.
- ENVIRONMENTAL FEATURES:** Tenant agrees to install the environmental features listed on Exhibit

“B” attached hereto to all buildings located in the Project.

PERMITTED USES: The uses permitted on the Leased Premises shall be as shown on Exhibit “C” attached hereto.

HEIGHT: The height of the proposed project shall not exceed fifty (50) feet above finished floor elevation.

GROUND RENT: The rental rate for Phase 1 will be \$0.22 per useable square foot per year plus sales tax (if applicable) paid monthly.

The ground rent shall increase annually by the greater of (i) 2%; or (ii) the annual increase in the United States Department of Labor Consumer Price Index for All Urban Consumers (CPI-U) for the South Region for all items, not to exceed 5% annually, with the adjustment to the ground rent paid to the City occurring at the five (5) year intervals.

The ground rent for future phases (Phase 2 and Phase 3) shall be the then current ground rent of the Phase 1 ground lease at the commencement date of each future phase. The rental payments shall increase in the same fashion on a five-year interval.

Exhibit “D” depicts the projected ground rent payments by phase assuming the minimum annual escalations.

Tenant shall receive a credit against future ground rent payments for any additional development costs located within Phase 1 of the Project, resulting from the existing debris located on the Leased Premises, not to exceed Three Hundred Thousand Dollars and no/100 (\$300,000.00). It is anticipated that a portion of the debris material (stormwater areas) will need to be removed by Tenant. Debris areas under buildings will be left in place and the building foundations will be modified from slab on grade to a pier system with grade beams. Debris areas under parking areas will be left in place. Tenant shall provide City with appropriate documentation of the additional development costs.

It is not anticipated that there will be any additional development costs in Phase 2.

Tenant shall receive a credit against future ground rent payments for any additional development costs located within Phase 3 of the Project, not to exceed One Million Seven Hundred Thousand Dollars and no/100 (\$1,700,000.00).

Tenant shall, upon commencement of the Phase 1 Ground Lease, pay the existing tenant (the “Huston Family”) on behalf of the City (for

the then unamortized balance owed by the City for the recently installed irrigation system (+/- 350k). Tenant shall receive against the earliest future ground rent payments due hereunder a credit equal to the amount of said payment.

Tenant shall also provide liability insurance coverage for the Leased Premises, naming City as an additional insured thereunder, for the term of the Ground Leases.

Tenant will be responsible for the mowing and maintenance of the Leased Premises upon commencement of the Phase 1 lease term.

Tenant shall cap all existing wells prior to the completion of the Phase 1. The City shall use reasonable efforts to provide the Leased Premises with an adequate supply of reclaimed water.

Tenant shall be responsible for all ad valorem real estate taxes payable on the Leased Premises during the term of the Lease, applicable to the Phases as they are taken down.

TAKEDOWN SCHEDULE:

Phase 1 (19.69 acres; 22.10 acres including stormwater pond) – Immediately upon receipt of a building permit for the first building of Phase 1 of the Project.

Phase 2 (15.52 acres; 19.01 including stormwater pond) – Timing at Tenant’s discretion but no later than 3 years from the Phase 1 takedown.

Phase 3 (15.91 acres) – Timing at Tenant’s discretion but no later than 6 years from the Phase 1 takedown.

In the event Tenant fails to takedown any phase hereunder, any existing leases shall remain in full force and effect, and Tenant shall have no further obligation to takedown any future phases.

The Phases shall be generally as delineated on “Exhibit A”.

The land area comprising the Phases outlined herein are subject to adjustment by mutual agreement of the parties, and the City shall not unreasonably withhold its consent to such adjustment. Any such adjustment shall include a rent adjustment of the rate of twenty-two cents (\$0.22) per usable land square foot.

There will ultimately be three (3) separate ground leases with the same terms and conditions. The only modifications will be the commencement dates, and the Tenant under each ground lease shall be an affiliate of Tenant. These leases may be assigned by Tenant.

The time for performance of Tenant's obligations hereunder shall be "tolled" by the amount of time, if any, required to fully resolve any third-party challenge to any of the governmental approvals required to develop the project contemplated herein.

MANDATORY PREPAYMENT:

Within thirty (30) days of the issuance of a certificate of occupancy for the first building of Phase 1 of the Project, Tenant shall pay to City an amount of prepaid rent equal to the first ten (10) years of ground rent due hereunder, less the credits to Tenant owed hereunder for the payment to the Huston Family, and the additional development costs for Phase 1 as earlier referenced in this Term Sheet.

OPTIONAL PREPAYMENT:

Tenant shall have the right at any time during the ground lease term and renewal terms to prepay the ground lease for a period of up to 20 years, with a minimum prepayment of 5 years, but not the obligation, to prepay amounts in addition to the mandatory prepayment described above, reduced by any applicable credits.

PREPAYMENT DISCOUNT RATE:

Any prepayment made hereunder shall be an amount equal to the discounted value of the future payments over the desired term. The annual discount rate, which is the lower of (i) the current prime rate of interest; or (ii) four percent (4%) per annum, whichever is less.

CONTINGENCIES:

The obligations of Tenant hereunder shall be contingent upon the successful fulfillment of all the contingencies listed below:

- (a) The Clearwater City Council forwards the required referendum ballot question to the Supervisor of Election Office for inclusion in the November 2020 election cycle; and
- (b) The referendum question passes at referendum in November 2020; and
- (c) The Tenant is able to obtain final, non-appealable Development Orders for the development of the Project, including, without limitation, a Countywide LUPA, appropriate rezoning and FLD approval by November 2022, which timeframe shall be tolled by the number of days "lost" due to the pendency of any third party challenges to any of the approvals set forth therein; and
- (d) The Huston Family fulfills its covenants to Tenant by separate agreement regarding the restructuring of its existing lease with the City.
- (e) Tenant shall have the right, at its option, to waive any of the contingencies set forth above.

OFF SITE RETENTION:

The City acknowledges that some of the stormwater ponds for necessary retention for the Project will be located on the property leased to the Huston Family, as well as the Parkland Buffer Area which will necessitate a perpetual drainage easement be granted by the City to Tenant. The cost of constructing the proposed retention will be borne by Tenant and the Tenant will have the use of any fill dirt generated during the construction of the stormwater ponds. The location of the proposed stormwater ponds will be in an area mutually agreeable to the City, Tenant, and the Huston Family, and the City shall not unreasonably withhold its consent to same.

Tenant shall also be granted an easement from the City to construct, maintain and utilize the additional stormwater ponds on the remaining land phases upon commencement of the Phase 1 Lease. Tenant shall size the pond on the property leased to the Huston Family to accommodate future multi-family development of that property. The City will ensure that any future developer utilizing the stormwater pond shall pay its pro rata cost of maintenance for any such stormwater pond.

SUBORDINATION:

The City agrees that its interest in the ground lease will be subordinate and inferior to the lien of Tenant's institutional lender, and the City further agrees to enter into a subordination and non-disturbance agreement reasonably acceptable to Tenant's lender(s) evidencing such subordination. While Tenant may encumber its leasehold interest with a leasehold mortgage in favor of an institutional lender, in no event shall the City's fee simple interest in the Leased Premises be subject to any claims from any party through the actions of Tenant in financing the Project.

TERM SHEET NOT BINDING:

This Term Sheet is for discussion purposes only and neither party shall be legally bound hereunder. If approved, this Term Sheet shall serve as the basis for the preparation of a definitive, legally binding Ground Lease, which shall be effective following all necessary approvals and execution of same by City and Tenant.

Exhibit "A" Site Plan

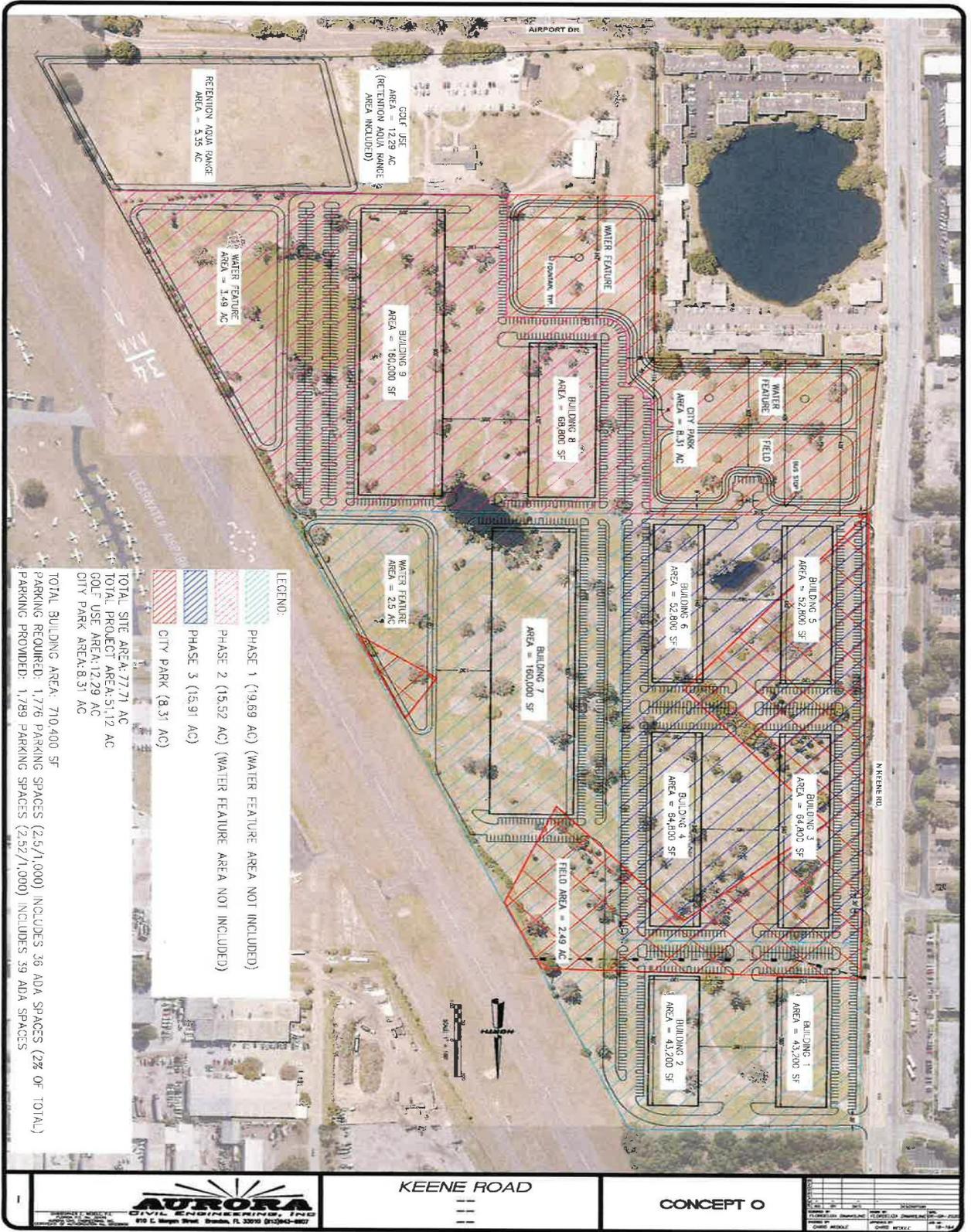


Exhibit "B"
Annual Rent Schedule

Annual Escalation 2%; Adjusting Rent at the end of every 5 years

	Phase 1	Phase 2 *	Phase 3 **
Acres	19.69	15.52	15.91
Year 1-5	188,693.21	157,834.81	171,704.53
Year 6-10	208,332.55	174,262.38	189,575.68
Year 11-15	230,015.97	192,399.75	209,306.87
Year 16-20	253,956.21	212,424.87	231,091.70
Year 21-25	280,388.18	234,534.22	255,143.90
Year 26-30	309,571.21	258,944.73	281,699.49
Year 31-35	341,791.63	285,895.91	311,019.00
Year 36-40	377,365.58	315,652.18	343,390.10
Year 41-45	416,642.09	348,505.51	379,130.42
Year 46-50	460,006.53	384,778.25	418,590.62
Year 51-55	507,884.38	424,826.28	462,157.87
Year 56-60	560,745.39	469,042.54	510,259.63
Year 61-65	619,108.23	517,860.86	563,367.86
Year 66-70	683,545.51	571,760.24	622,003.64
Year 71-75	754,689.47	631,269.50	686,742.28
Year 76-80	833,238.16	696,972.54	758,218.97
Year 81-85	919,962.25	769,514.00	837,135.01
Year 86-90	1,015,712.67	849,605.63	924,264.69
Year 91-95	1,121,428.86	938,033.27	1,020,462.90

* Phase 2 Lease Commences approximately 3 years after Phase 1

** Phase 3 Lease Commences approximately 6 years after Phase 1

The ground rent owed to the City from Tenant hereunder shall be reduced by all credits owed to Tenant pursuant to this term sheet.

Exhibit "C"
Permitted Uses

- Accessory Dwelling
- Governmental Use (shall not exceed five acres)
- Manufacturing
- Office
- Outdoor Recreation/Entertainment
- Outdoor Storage
- Overnight Accommodations (shall not exceed five acres)
- Parks and Recreation Facilities
- Publishing and Printing
- Research and Technology
- Restaurants (accessory to permitted use and/or if stand alone shall not exceed 5 acres)
- Social/Public Service Agencies (shall not exceed 5 acres)
- Wholesale/Distribution/Warehouse Facility

Exhibit “D”
Environmental Features

- Reclaimed water (if available on a reasonable basis) will be used for all irrigation purposes.
- Drip irrigation will be utilized in all non-turf areas to promote water savings.
- Many of the landscape plantings will be native to Florida.
- A recycling program will be in effect throughout the Project.
- Bicycle racks will be installed within the Project.
- Electric vehicle charging stations will be available within the Project.
- A bus stop will be located within the Project (conditioned upon reasonable cooperation of applicable legal authorities).
- All buildings to be constructed will feature R-30 roof insulation with white membrane roofing systems.
- Low E impact resistant glass will be utilized in all buildings to be constructed.
- Glass in the upper level warehouse walls of applicable buildings to be constructed is planned, to allow for natural light.
- A majority of the lighting within the Project will be LED and feature light harvesting devices and motion detectors where appropriate.
- Conduit (devoid of any electrical or other utility wiring or other apparatus) shall be placed in not less than fifteen percent (15%) of the roadways within the developed areas of the Project for the potential future need for the charging of electrical vehicles.