BEFORE THE CITY COMMISSION
CITY OF STUART, FLORIDA

RESOLUTION 77-2012

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF STUART, FLORIDA AUTHORIZING THE EXECUTION A LEASE AGREEMENT BETWEEN THE CITY OF STUART AND DUFFIELD MARINE, INC. FOR THAT CERTAIN PROPERTY KNOWN AS THE SHEPARD PARK BUILDING (FORMER CHAMBER OF COMMERCE BUILDING); PROVIDING FOR AN EFFECTIVE DATE; AND FOR OTHER PURPOSES.

WHEREAS, The City Commission determines that it is in the best interests of the citizens of the City of Stuart to lease the former Chamber of Commerce building also known as the Shepard Park Building for use as a rental and sales office for Duffy Electric Boats. The seven boat slips adjacent to the property shall be included within the leased property but shall be available to the public.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF STUART, FLORIDA that:

SECTION 1: The City Commission approves the lease agreement and the Mayor and the City Clerk are hereby authorized to execute the Lease Agreement between the City and Duffield Marine, Inc, Newport Beach, CA, for that certain property known as "The Shepard Park Building", 400 South Federal Highway, Stuart, Florida 34994. A copy of the lease shall be on file in the office of the City Clerk.

SECTION 2: This Resolution shall take effect upon its adoption.

RESOLUTION 77-2012
Lease with Duffield Marine, Inc.

Commissioner Krauskopf offered the foregoing resolution and moved its adoption. The motion was seconded by Commissioner Clarke and upon being put to a roll call vote, the vote was as follows:

	YES	NO	ABSENT
JAMES A. CHRISTIE, Jr, MAYOR	✓		
EULA R. CLARKE., VICE MAYOR	✓		
KELLI GLASS-LEIGHTON, COMMISSIONER	✓		
TROY A. McDONALD, COMMISSIONER	✓		
JEFFREY A. KRAUSKOPF, COMMISSIONER	✓		

ADOPTED this 10th day of September, 2012.

ATTEST:

CHERYL WHITE
CITY CLERK

James A. Christie, Jr.
JAMES A. CHRISTIE, Jr.
MAYOR

APPROVED AS TO FORM
AND CORRECTNESS:

MICHAEL D. DURHAM
CITY ATTORNEY

CITY OF STUART · FLORIDA · INCORPORATED 1914 · SAILFISH CAPITAL OF THE WORLD ·

LEASE AGREEMENT

THIS LEASE is made and executed as of the 25th day of Sept, 2012, between the City of Stuart, 121 SW Flagler Avenue, Stuart, Florida 34994, hereinafter referred to as "LESSOR", and Duffield Marine Inc., 2001 West Coast Hwy, Newport Beach, CA 92663 hereinafter referred to as "LESSEE".

Section 1. Demise, Description and Use of Premises

In consideration of the sum of Ten and No/100 Dollars ($10.00) to it in hand paid this day, the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor leases to Lessee and Lessee hires from Lessor upon the terms and conditions contained herein, for the purpose of conducting thereon any lawful business and for no other purpose, the following described real property located in Martin County, Florida, to wit:

See Exhibit "A" attached hereto and made a part hereof.

As used herein, the term "Premises" refers to the real Property with six (6) parking spaces located at the front of the building, above described and to any improvements located thereon from time to time during the term hereof.

Section 2. Commencement and Term

The term of this Lease shall commence on the date of full execution of this Lease (the "Lease Commencement Date"). Rental payments due hereunder shall commence on **March 31, 2013** (the "Rental Commencement Date").

The term of this Lease shall continue for a period of Five (5) years from the commencement date subject to extension or prior termination as set forth herein.

Section 3. Right to Extend

Provided the Lessee is not in default under any of the terms and conditions of this Lease, and provided the Lessee has faithfully performed all of its covenants and undertakings contained in this Lease, Lessee shall have the right and option to extend the term of this Lease for **one additional term of five (5) years** with the same terms and conditions. The term of the Lease shall be automatically extended from one period to the next, unless written notice shall have been given by Lessor of a continuing, uncured, material breach of the Lease, or the Lessee shall have given written notice of its intent to allow the Lease to expire, not less than 90 days prior to its expiration.

Section 4. Basic Rent

It is the purpose and intent of the Lessor and the Lessee that the rent shall be absolute net to the lessor. Lessee hereby agrees to pay to Lessor rent for the leased premises land, the sum of Two Thousand and 00/100 Dollars ($2,000.00) per month, together with the upward adjustments provided herein, payable, solely for the convenience of Lessee, in equal monthly installments, payable on the first (1st) day of each month, in advance, from the Rental Commencement Date throughout the term of this Lease, including any renewal terms, subject to adjustment as hereinafter set forth. Payment shall be made in the form of a locally drawn, local (Martin County, Florida) bank's check or direct deposit into a designated city account, and shall be made to whoever the Lessor designates, in writing, from time to time.

Section 5. Rent Escalation

The rental for years subsequent to the initial two years of this lease shall be computed by adding three percent (3%) to the sum of $2,000.00, which is the amount of base monthly rent of the lease, or the inflation rate as reflected in the Consumer Price Index (CPI-U-South Region) for the immediate preceding year, whichever is less. Annual rent will be adjusted each year by the 12-month percent change in the Consumer Price Index for All Urban Consumers (CPI-U), South region published the month before the anniversary date. In no case will the upcoming year's rental rate be less than the previous year's rental rate.

"CPI-U-South Region" means the index of consumer prices developed and updated by the U.S. Department of Labor, Bureau of Labor Statistics for urbanized areas within the defined southern US region. CPI-U (South) includes expenditures by urban wage earners and clerical workers, professional, managerial and technical workers, the self-employed, short-term workers, the unemployed, retirees and others not in the labor force.

Section 6. Taxes

Beginning on the Lease Commencement Date and throughout the term of this Lease thereafter, including any extension terms, Lessee shall pay, as additional rent hereunder, before they become delinquent, all taxes. "Taxes" as used herein, means all real property taxes, impact fees, rates, duties and assessments, local improvement taxes, whether a general or special, that are levied, rated, charged or assessed against the Premises or any part thereof and any rents due Lessor therefrom from time to time by any lawful taxing authority, whether Federal, State, Municipal, School, or otherwise, and any and all taxes which are imposed in lieu of, or in addition to any such real property taxes whether of the foregoing character or not and whether in existence at the Commencement Date.

Lessor shall promptly forward to Lessee all notices, bills or invoices Lessor received requiring payment for any of the items set forth above.

All taxes for the beginning and ending years of the term hereof, from date hereof, including any extension terms, shall be prorated between Lessor and Lessee based upon the respective periods in which they hold possession of the Premises.

Lessee may contest any tax or assessment it is required to pay and may file protests or otherwise proceed in the name of Lessor. No contest may be filed for the first year's taxes. Thereafter, any contest must be made by posting with the Lessor sufficient collateral, in a form acceptable to Lessor, to protect the Lessor against loss of the Property by tax sale or other tax collection procedure. Lessor may use the collateral at any time Lessor determines in good faith, that such a loss is imminent.

All Federal or State sales taxes or taxes similar in nature imposed upon payments made by a tenant to a landlord or upon this lease whether on the rents, additional rent or the lease or leasing privilege shall be paid in full by Lessee promptly when due or upon demand therefore.

Nothing herein shall be construed so as to require Lessee to pay any income tax, inheritance tax, capital gain tax, franchise tax or corporate stock tax imposed upon or payable by Lessor.

Section 7. Permitted Uses

Lessee shall be entitled to develop the Premises for use as a retail rental and sales office for Duffy Electric boats. Boat rental to the public is a requirement of this lease for the initial lease term and all lease extensions. Lessee shall be responsible for the payment of any and all costs incurred in connection with the development of the Premises including the preparation of any applications, plans, surveys or other documents and all impact fees and development incurred in connection with development of the Premises.

Nothing contained herein shall be construed so as to require Lessor to execute any document or instrument, which would create any financial liability neither on the part of Lessor nor upon the subject premises, nor alter or impair Lessor's rights under this Lease. There is no obligation under this Lease for Lessor to convey or burden any part of or all of the fee interest of the subject premises or grant or agree to any condition, which will burden the Property beyond the Lease term. Any such condition shall terminate when the Lease terminates.

7.1 Hours of Operation

Hours of operation, at a minimum, shall be 10:30am to 8:00 pm seven days per week. Days of operation may be reduced to five days per week at the discretion of the Lessee.

Section 8. Encumbrances of Lessee's Leasehold Interest

Lessee may, without being required to obtain Lessor's consent, encumber its Leasehold interest in the Premises together with all improvements placed thereon by Lessee, as security for any indebtedness of Lessee. Lessor shall not be required to subordinate its fee interest in the Premises to the lien of any mortgage, which Lessee may execute.

Lessor further agrees, in connection with Lessee's efforts to obtain financing for the development of the Premises, to provide any Mortgagee of whom Lessor has actual knowledge who holds a mortgage on Lessee's leasehold interest with a copy of any notice of default Lessor sends to Lessee hereunder and prior to terminating this Lease as in result of any default by Lessee, Lessor shall provide any such Mortgagee an equal period within which to cure any default by Lessee or in the alternative, Lessor shall give the Mortgagee the right to elect to receive a new lease on the Premises for a term equal to the then unexpired term of this Lease containing the same covenants and conditions as this Lease, such right of election to be in effect for thirty (30) days following the expiration of any grace period granted to Lessee and said right to be conditioned upon the mortgage curing Lessee's default.

Lessor shall from time to time, within ten (10) days after Lessee shall have requested it, execute, enseal, acknowledge and deliver to the Lessee, or such other party as may be directed by Lessee an estoppel letter in recordable form certifying any fact pertaining to the Lease reasonably requested by Lessee or any mortgage or prospective mortgage of the leasehold interest. It is intended that any statement delivered pursuant to the provisions of this Section be relied upon by any such mortgage. Lessee shall prepare such instrument and deliver same to Lessor with the request.

Section 9. Assignment and Sublease

Lessee may not assign all or a portion of this Lease or sublease the whole or any part of the Premises, including portions of any improvements erected thereon by Lessor or other portions of the Premises for any lawful purpose without the consent of Lessor. Lessee shall remain liable for the full performance of its covenants and obligations under this Lease for the entire term hereof. No sub-lease can extend beyond the existing term of this Lease. No sub-lease can alter the terms hereof.

Section 10. Uses Prohibited

Lessee shall not use or permit the use of the Premises, or any part thereof, for any illegal purpose or purposes, nor shall Lessee maintain a nuisance on the Premises or use or permit the use thereof for immoral purposes. The Premises may not be used as a toxic waste dump or storage facility, a solid waste disposal site or any use which could have a harmful effect on the land itself. The Lessee shall not commit waste. No use may be made of the Property which would legally impair the right to collect rental adjustments called for herein.

Section 11. Improvements, Maintenance, Repairs, Additions, Replacements to the Real Property

Through the term of this Lease, the Lessee shall have the right (but not the duty) to construct, erect, or reconstruct any and all manner of buildings, works, or improvements upon the Premises as are permitted by this lease and the then applicable Zoning, Subdivision and Building Ordinances of the applicable jurisdiction.

Lessee shall, at all times during the term of this Lease, and at its own cost and expense, keep and maintain or cause to be kept and maintained in good repair and good condition (ordinary wear and tear excepted), all buildings and improvements at any time erected on the Premises, and shall use all reasonable precaution to prevent waste, damage or injury, by any cause or reason including fire, storm or disrepair.

With the exception of improvements to the boat slips adjacent to the premises, Lessor shall not be required to furnish any services or facilities or to make any improvements, repairs, or alterations in or to the Premises during the term of this Lease. However, the Lessor shall have the right, but not the obligation, to enter onto the Property and make repairs if the Lessee fails to make repairs, upon being given reasonable notice to do so by the Lessor. Such failure to make reasonable repairs by the Lessee shall be deemed a default under the Lease, which may only be cured by paying the reasonable cost therefore in a timely manner. The cost of any repairs so made shall be considered additional rent, and the Lessee shall pay for the same, in full, at the next time that Rent is due to be paid, failing which the Lessee shall be in default of the Lease.

Lessee's rights, as set forth in this Section 11, shall be subject to the following conditions:

A. The cost of any such construction, or of any change, alteration or improvements, shall be borne and paid for by Lessee.

B. The Premises shall, at all times, be kept free of mechanics and material men's liens.

C. The parties shall enter into an Amended and Restated Memorandum of Lease, in recordable form, in form and content acceptable to Lessor, and the same shall be recorded prior to the commencement of any work on the premises. The Lessee agrees to execute such further agreements as may be necessary, from time to time, to preserve the leased premises from the imposition of liens. The Lessee shall provide in any contracts and shall require the General Contractor to provide in all sub-contracts and sub-sub-contracts that the parties thereto must look solely to the Lessee for payment and that no liens shall be filed against the land itself.

D. During the last three years of any term of the Lease (or any extended term acquired by exercise of an option hereunder), Lessee shall not demolish or remove any building or improvements located on the premises unless Lessee's option to renew for the next five (5) year period has been exercised in writing. At the end of term hereof, all improvements located on the Premises will become the property of Lessor and at Lessor's option, Lessor can require Lessee to remove all or any part of the improvements and to place the Premises in their original condition.

11.1 Maintenance

Lessor covenants to maintain, at its cost and expense, the exterior, structural and foundation components of the building; paving, curbing, and repair of sidewalks, parking areas and driveways. Lessee covenants to maintain at its cost and expense, all fixtures installed by the Lessee. All interior walls, ceilings, cabinets, any exhaust fans, interior lighting, interior painting, and any outdoor improvements.

Repairs and Maintenance to the roof, air conditioning, electrical, and plumbing systems in the building cost of which is less than Five Hundred and 00/100 Dollars ($500.00) shall be the responsibility of Lessee. Repairs and Maintenance to air conditioning, electrical, and plumbing systems in the building cost of which is in excess of Five Hundred and 00/100 Dollars ($500.00) shall be the responsibility of Lessor.

11.2 Repairs to Boat Slips

The seven (7) boat slips adjacent to the premises shall be repaired and brought to a condition which is safe for users of the boat slips. Cost of repairs to the boat slips shall be the responsibility of Lessor with the understanding that Lessee shall pay Six Thousand and 00/100 Dollars ($6,000.00) toward these repairs. The payment from Lessee to Lessor shall be due within thirty (30) days of completion and approval, by Lessor, of the boat slip repairs Consideration shall be given to Lessee in the form of three months rental abatement for the period from January 1, 2012 to March 31, 2013, reflected in Section 2, Commencement and Term.

11.3 Lease and/or Rental of Boat Slips

The seven boat slips adjacent to the premises shall be exclusively for the use of Lessee for rental and sale of Duffy Electric boats.

Section 12. Insurance

Lessee covenants to provide, during the entire term hereof at Lessee's own cost and expense, as additional rent, by advance payment of premiums, a comprehensive liability policy of insurance protecting Lessor and Lessee as their interest may appear against any liability whatsoever, occasioned by accident on or about the demised premises or any appurtenances thereto. Such policy shall be approved by Lessor, written by a company rated not less than "AAA", by Best's Register, in an amount not less than One Million Dollars ($1,000,000) to cover the claim of damage from any single person, and not less than Two Million Five Hundred Thousand Dollars ($2,500,000) to cover more than a single claim which may arise from a single action, and in the sum of Five Hundred Thousand Dollars ($500,000) in respect to claims for property damage. Such policy shall insure Lessee and Lessor against any liability that may accrue against them or either of them, on account of any occurrence on or to the demised premises during the term thereof, resulting in personal injury, death, property damage, or any other liability whatsoever; and said policies shall include indemnity against loss, expense and damage of any and every kind, including costs of investigation and attorney's fees, and other costs of defense. Lessee agrees to pay all premiums for all policies promptly as additional rent and deliver to Lessor an original or duplicate original of all such

policies, together with evidence of payment of premium thereon, upon the beginning date of this Lease, and from time to time thereafter as premiums shall fall due. Lessor may require an increase in the limits of coverage or extent of coverage at any time such increase is deemed commercially reasonable by Lessor. Lessor may increase the amounts of required insurance coverage provided the same is commercially reasonable.

All insurance coverage called for under the Lease shall contain provisions granting Lessor ten (10) days notice prior to termination thereof and shall be written by an insurance company authorized to do business in Florida. Copies of the policies shall be promptly furnished to Lessor.

All hazard insurance policies carried by the Lessee covering property located on the demised premises will provide that the Lessor is an additional named insured.

Nothing contained herein shall be construed or interpreted as a waiver of the sovereign immunity liability limits established under chapter 768.20 Florida Statutes as amended.

Section 13. Indemnify Lessor

In consideration of said Premises being leased to Lessee for the above rental, Lessee agrees: that Lessee, at all times, will indemnify and hold harmless Lessor from all losses, damages, liabilities and expenses, which may arise or be claimed against Lessor and be in favor of any persons, firms or corporations, for any injuries or damages to the person or property of any persons, firms or corporations, consequent upon or arising from the use or occupancy of said Premises by Lessee, or consequent upon or arising from any acts, omission, neglect or fault of Lessee, his agents, servants, employees, licensees, visitors, customers, patrons, or invitees, or consequent upon or arising from Lessee's failure to comply with any laws, statutes, ordinances, codes or regulations as herein provided; that Lessor shall not be liable to Lessee or any damages, losses or injuries to the persons or to property of Lessee which may be caused by the acts, neglect, omissions or faults of any persons, firms or corporations, and that Lessee will indemnify and keep harmless Lessor from all damages, liabilities, losses, injuries or expenses which may arise or be claimed against Lessor and be in favor of any persons, firms or corporations, for any injuries or damages to the person or property of any persons, firms or corporations, where said injuries or damages arose about or upon said Premises as a result of the negligence of Lessee, his agents, employees, servants, licensees, visitors, customers, patrons and invitees. All personal property placed or moved into the Leased Premises or Building shall be at the risk of Lessee or the owners thereof, and Lessor shall not be liable to Lessee for any damages to said personal property. Lessee shall maintain at all times during the term of this Lease an insurance policy or policies in an amount or amounts sufficient to indemnify Lessor and to pay Lessor's damages, if any, resulting from any matters set forth hereinbefore in this Paragraph 13. LESSEE WAIVES ALL RIGHTS TO RECOVER FROM LESSOR FOR ANY DAMAGES CAUSED BY NEGLIGENCE OF LESSOR, ITS AGENTS OR EMPLOYEES. Lessee's insurance policies shall contain a waiver of the right of subrogation as against the Lessor.

Section 14. Time

It is understood and agreed between the parties hereto that time is of the essence of all the terms, provisions, covenants and conditions of this Lease.

Section 15. Condemnation

A. If, at any time during the term of this Lease, title to all of the Premises shall be taken by the exercise of the right of condemnation or eminent domain, this Lease shall terminate and expire on the date of such taking, and the rent and other charges provided to be paid by Lessee shall be apportioned and paid to the date of such taking.

B. If at any time during the term of this Lease, title to less than all of the Premises shall be taken as aforesaid, this Lease shall continue (unless Lessee shall elect to terminate this Lease by giving notice thereof to Lessor within thirty (30) days after the date of such taking, in which case this Lease shall terminate on the date therefore set forth in such notice), except that thereafter the rent shall be reduced to a fraction of the former amount which fraction shall be determined by dividing the area of the untaken portion of the Premises by the area of the Premises immediately before the taking.

C. Lessee may, at its option, but shall not be required to, repair, restore, replace or rebuild any damage or destruction to the Premises and improvements located thereon resulting or arising from any taking of all or any part thereof.

Section 16. Requirements of Public Authority

A. During the term of this Lease, Lessee shall, at its own cost and expense, promptly observe and comply with all present and future laws, ordinances, requirements, orders, directives, rules and regulations (collectively "regulations") of the Federal, State, County, Town, Village and City Governments and of all other governmental authorities affecting the Premises or appurtenances thereto or any part thereof whether the same are in force on the Commencement Date or may in the future be passed, enacted, or directed, and Lessee shall pay all costs, expenses, liabilities, losses, damages, fines, penalties, claims and demands, including reasonable counsel fees, that may in any manner arise out of or be imposed because of the failure of Lessee to comply with the covenants of this Section 16. If such regulations shall so restrict the use or development of the Premises so as to render the development of the Premises unfeasible in the discretion of Lessee, Lessee shall have the option to terminate this Lease upon thirty (30) days written notice to Lessor.

B. Lessee shall have the right to contest by appropriate legal proceeding diligently conducted in good faith in the name of the Lessee, without costs, liability or expense to Lessor, the validity or application of any law,

ordinance, rule, regulation or requirement of the nature referred to in paragraph (A) of this Section and, if by the terms of any such law, ordinance, order, rule, regulation or requirement, compliance therewith may legally be delayed pending the prosecution of any such proceeding, Lessee may delay such compliance therewith until the final determination of such proceedings. Nothing herein shall delay the payment of all sums due to Lessor herein required to be paid.

Section 17. Lessor's Title/Possession

Lessor covenants that as of the Commencement Date: Lessor shall have the fee simple title to the Premises with full right and authority to make this Lease; the Premises shall then be free and clear of all liens, easements, restrictions, leases and encumbrances. Lessee has received and accepts the title insurance policy heretofore delivered to Lessee. Lessee has surveyed the Property and has accepted the state of the survey. Lessee shall be delivered possession of the Premises; and Lessee shall have quiet and peaceful possession and enjoyment of the Premises and of all appurtenances thereunto belonging during the term of this Lease including all extension terms. The value of Lessee's interest is stated to be. However, Lessor shall have no responsibility to provide any additional title insurance coverage on the Premises.

Section 18. Care of Premises

Lessee shall in nowise violate any of the zoning or other governmental restrictions now or hereafter placed upon the said real Property. Lessee shall, at its sole expense, pay for any alterations, improvements, machinery or equipment which may be required by any applicable governing body now or at any time during the term of this Lease.

Section 19. Conditional Limitations – Lessee Default Provisions

This lease and the term hereof are subject to the limitation that if, at any time during the term of this Lease, any one or more of the following events (herein called an "event of default") shall occur, that is to say:

A. If Lessee shall make an assignment for the benefit of its creditors; or

B. If any petition shall be filed against Lessee in any court, whether or not pursuant to any Statute of the United States or of any State, in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceedings, and Lessee shall thereafter be adjudicated bankrupt, and if any such proceedings shall not be dismissed within ninety (90) days after the institution of the same; or if any such petition shall be so filed by Lessee; or

C. If Lessee shall fail to pay any installment of the rent, or any part hereof, when the same shall become due and payable, and such failure shall continue for thirty (30) days; or

D. If Lessee shall fail to pay when due any other charge required to be paid by Lessee hereunder, and such failure shall continue for thirty (30) days after written notice thereof from Lessor to Lessee; or

E. If Lessee shall fail to perform or observe any other requirement of this Lease (not hereinbefore in this Section 20 specifically referred to) on the part of Lessee to be performed or observed, and such failure shall continue for thirty (30) days after written notice thereof from Lessor to Lessee, unless Lessee shall have commenced to cure any such default as is referred to in this sub-section five (5) within said thirty (30) day period and diligently pursues such cure to completion;

Then upon the happening of any one or more of the aforementioned events of default, and the expiration of the period of time for remedying the same, Lessor may:

1. Give to Lessee a notice hereinafter called ("notice of termination") of intention to end the term of this Lease and the term hereof, as well as all of the right, title and interest of the Lessee hereunder, shall wholly cease and expire in the same manner and with the same force and effect as if the date originally specified herein for the expiration of this Lease had arrived and the Lessee shall then quit and surrender the Premises to Lessor, and

2. Lessor may at any time after an event of default re-enter the Premises and remove Lessee therefrom, and all or any of its property therefrom, either by summary dispossess proceedings or by any suitable action or proceeding at law, and

3. It is expressly and specifically covenanted and agreed that the entire unpaid balance of the basic rental with an estimated adjustment as provided in Paragraph 5 and the entire amount of estimated additional rental to the end of the term, based upon existing additional rentals already accrued, shall, at the sole option of the Lessor, immediately become due and payable, and

4. All of the right, title, estate and interest of Lessee (i) in and to the improvements, all changes, additions, alterations therein, and all renewals and replacements thereof, and (ii) all rents, sub-leases, issues and profits of the Premises, or any part thereof, whether then accrued or to accrue, shall automatically pass to, vest in, and belong to Lessor, without further action on the part of either party, free of any claim thereto by Lessee.

5. Lessor shall have any other remedy provided by Florida law.

Section 20. Lessor's Defaults

If Lessor fails to perform or observe any requirements or covenant of this Lease to be performed and observed by Lessor and such default continues for a period of thirty (30) days after written notice thereof from Lessee to Lessor, Lessee shall have the option of terminating this Lease upon thirty (30) days written notice to Lessor without waiving any other legal rights hereunder or in the alternative, Lessee shall have the right of specific performance.

Section 21. Waivers

Failure of Lessor or Lessee to complain of any act or omission on the part of the other party no matter how long the same may continue shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by Lessor or Lessee at any time, express or implied, of any breach of any provisions of this Lease shall be deemed a waiver of a breach of any other provisions of this Lease or a consent to any subsequent breach of the same of any other provisions. No acceptance by Lessor of any partial payment shall constitute an accord or satisfaction, but shall only be deemed a partial payment on account.

Section 22. Notices, et cetera

All notices, consents, demands and requests which are required or desired to be given by either party to the other shall be in writing. All such notices, consents, demands and requests shall be sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the other party at its address set forth in this Lease, or at such other place as it may from time to time designate in a written notice to the other party given pursuant to the provisions of this Section. Notices, consents, demands and requests which are served upon Lessor or Lessee in the manner aforesaid, shall be deemed to have been given or served for all purposes hereunder on the third (3^{rd}) business day next following the date on which such notice, consent, demand or request shall have been mailed as aforesaid.

Section 23. Governing Law

This Lease and the performance of the covenants and terms thereof shall be governed, interpreted, construed and regulated in accordance with the laws of the State of Florida.

Section 24. Partial Invalidity

If any term, covenant, condition or provision of this Lease or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be

affected thereby, and each term, covenant, condition and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 25. Sales Taxes

Lessor will endeavor to collect and Lessee shall promptly pay all sales or similar type taxes imposed upon the various amounts of money payable as rent hereunder. In the event it is subsequently determined that any amount required to be paid or paid for hereunder is subject to such tax, Lessee shall promptly pay the same and any penalties and interest payable thereon.

Section 26. Covenants Binding the Respective Parties

Except as herein expressly provided, the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Lessor and Lessee and their respective heirs, successors and assigns.

Section 27. Disposition of Improvements on Termination of Lease

On termination of this Lease for any cause, Lessor shall become the owner of any building or improvements on the Premises. If Lessee is not in default, Lessee shall however have the right to remove any furniture, fixtures, equipment or other things which may be removed from the premises without changes to any of the buildings or improvements hereinafter located on the Premises.

Section 28. Attorney's Fees and Costs

In connection with any litigation arising out of this Lease, the prevailing parties shall be entitled to recover all costs incurred, including reasonable attorneys' fees through and including any and all appellate actions.

Section 29. Attornment

In the event of a transfer of Lessor's interests in the Premises or the purchase of the Lessor's interest therein in a foreclosure sale or by deed in lieu of foreclosure under any mortgage or the purchase, pursuant to a power of sale contained in any mortgage, then in any such events, Lessee shall, at Lessor's request, attorn to and recognize the transferee or purchaser of the Lessor's interest, as the case may be, as Lessor under this Lease, for the balance then remaining of the term and thereafter this Lease shall continue as it is directly between such person as "Lessor" and "Lessee", it being agreed that no such transferee shall have the right to disturb Lessee's tenancy hereunder so long as Lessee shall not be in default under the terms hereof.

Section 30. Waiver of Trial by Jury

It is mutually agreed by and between Lessor and Lessee that the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matter arising out of or in any way connected with this Lease, the relationship of Lessor and Lessee and Lessee's use of or occupancy of the Premises. Lessee further agrees that it shall not interpose any counterclaim or counterclaims in a summary proceeding or in any action based upon nonpayment of rent or any other payment required of Lessee hereunder.

Section 31. Additional Terms and Conditions

A. If the Lessee fails to pay any sum when due for taxes, insurance or other sums required to be paid under the Lease, the Lessor may, at Lessor's option and without waiving its right to dispossess Lessee, pay such sum and such sum shall immediately become due and payable as additional rent.

B. All rents due under the Lease shall bear interest at the highest rate provided under Florida law.

C. In the event of judicial or mutual termination of this Lease, Lessee shall provide Lessor with a Release and Surrender Agreement with two witnesses, in recordable form, to remove the Memorandum of Lease as a cloud on the title within seven days of written demand therefore.

D. By executing this Lease, the Lessee represents and covenants, under penalty of perjury that the undersigned has full authority and approval to enter into the Lease on behalf of the Lessee, as the authorized signatory of the Lessee, without the need for countersignors, or any additional proof of authority, and that Lessee is fully empowered under the laws of the State of Florida to enter into this Lease.

Section 33. Authority to Execute Contract

By signing this Agreement the Lessee swears or affirms, under penalty of perjury, that this is a valid act of the Lessee, and that no later claim shall be made by the Lessee that the Contract is invalid or an *ultra vires* act, by reason of a failure to have the proper authority to execute the Contract. In the event that a court of competent jurisdiction later determines that the Contract is or would be null and void for failure of the signatory to have proper or complete authority, this Contract shall nonetheless be deemed valid under the theory of "apparent authority," or in the sole alternative of the City, shall be deemed to be the act of the signatory, as an individual, who shall be fully responsible for its complete performance.

Section 32. Exhibits to Agreement

A. Legal Description

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals on the date first written above.

ATTEST:

Cheryl White
City Clerk

LESSOR

James A. Christie, Jr.
Mayor

APPROVED AS TO FORM
AND CORRECTNESS

Michael D. Durham
City Attorney

WITNESSES:

(Signature)

(Signature)

LESSEE

(Signature)

Marshall Duffield, C.E.O.

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT "A"

LEGAL DESCRIPTION

A PARCEL OF LAND LYING IN GOVERNMENT LOT 6, SECTION 5, TOWNSHIP 38 SOUTH, RANGE 41 EAST, CITY OF STUART, MARTIN COUNTY, FLORIDA, SAID PARCEL OF LAND ALSO BEING A PORTION OF THAT PARCEL OF LAND AS DESCRIBED IN BOOK 54, PAGE 430, OF THE PUBLIC RECORDS OF MARTIN COUNTY, FLORIDA, SAID PARCEL ALSO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: FOR A POINT OF REFERENCE, COMMENCE AT A 5/8 INCH IRON ROD AND CAP MARKED "PSM 4049 SJ BROWN" MARKING THE SOUTHEAST CORNER OF LOT 11, KITCHING'S ADDITION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 2, PAGE 86 OF THE PUBLIC RECORDS OF PALM BEACH (NOW MARTIN) COUNTY, FLORIDA, AND ALSO LYING ON THE NORTH RIGHT OF WAY LINE OF WEST OCEAN BOULEVARD; THENCE SOUTH 00°25'10" WEST, A DISTANCE OF 40.00 FEET TO A POINT ON THE SOUTH RIGHT-OF-WY LINE OF WEST OCEAN BOULEVARD; THENCE ALONG SAID SOUTH RIGHT-OF-WAY LINE, SOUTH 89°34'50" EAST, A DISTANCE OF 3.60 FEET TO THE POINT OF BEGINNING OF THE FOLLOWING DESCRIBED PARCEL; THENCE, CONTINUE ALONG SAID SOUTH RIGHT-OF-WAY LINE, SOUTH 89°34'50" EAST, A DISTANCE OF 49.45 FEET TO A POINT OF CURVATURE WITH A CURVE TO THE SOUTHWEST, HAVING A RADIUS OF 15.00 FEET; THENCE ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 90°03'30", A DISTANCE OF 23.58 FEET TO A POINT OF TANGENCY OF SAID CURVE LYING ON THE WEST RIGHT-OF-WAY LINE OF U.S. HIGHWAY #1 (STATE ROAD 5); THENCE ALONG SAID WEST RIGHT-OF-WAY LINE, SOUTH 00°33'12" WEST, A DISTANCE OF 73.40 FEET; THENCE DEPARTING SAID WEST RIGHT-OF-WAY LINE, NORTH 89°26'48" WEST, A DISTANCE OF 37.49 FEET TO THE NORTHEAST CORNER OF AN EXISTING SEAWALL; THENCE ALONG THE NORTHERLY FACE OF SAID SEAWALL, SOUTH 78°56'26" WEST, A DISTANCE OF 138.97 FEET; THENCE DEPARTING SAID NORTHERLY FACE OF SEAWALL, NORTH 03°58'19" EAST, A DISTANCE OF 21.78 FEET; THENCE NORTH 83°32'35" EAST, A DISTANCE OF 91.16 FEET; THENCE NORTH 29°58'45" EAST, A DISTANCE OF 4.70 FEET; THENCE NORTH 66°16'32" EAST, A DISTANCE OF 27.04 FEET; THENCE NORTH 00°11'21" EAST, A DISTANCE OF 37.58 FEET; THENCE NORTH 61°29'19" WEST, A DISTANCE OF 10.71 FEET; THENCE NORTH 00°41'31" EAST, A DISTANCE OF 25.56 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINING 7,270 SQUARE FEET, MORE OR LESS.

SURVEYOR'S NOTES

1. BEARINGS AS SHOWN HEREON ARE BASED ON MONUMENTATION FOUND ALONG THE NORTH RIGHT-OF-WAY OF WEST OCEAN BOULEVARD SAID NORTH RIGHT-OF-WAY LINE IS ASSUMED TO BEAR S 89°34'50" E.

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THIS SKETCH AND LEGAL DESCRIPTION COMPLIES WITH THE MINIMUM TECHNICAL STANDARDS SET FORTH BY THE FLORIDA BOARD OF PROFESSIONAL SURVEYORS AND MAPPERS IN CHAPTER 5J-17, FLORIDA ADMINISTRATIVE CODE, PURSUANT TO SECTION 5J-17.050 – 17.052.

NOVEMBER 17, 2011
DATE

GREGORY S. FLEMING, P.S.M.
FLORIDA REGISTRATION NO. 4350

THIS IS NOT A BOUNDARY SURVEY

NORTHSTAR GEOMATICS
80 KINDRED STREET, SUITE 103
PO BOX 2371, STUART, FLORIDA 34995
(772)781-6400 (772)781-6662 FAX
LICENSED BUSINESS NO. 7217

SKETCH AND DESCRIPTION
LYING IN A PORTION OF SECTION 5,
TOWNSHIP 38 SOUTH, RANGE 41 EAST
CITY OF STUART, MARTIN COUNTY, FLORIDA

SHEET NO. 1
OF 3
PROJECT # 10-014SD

EXHIBIT A pg 2

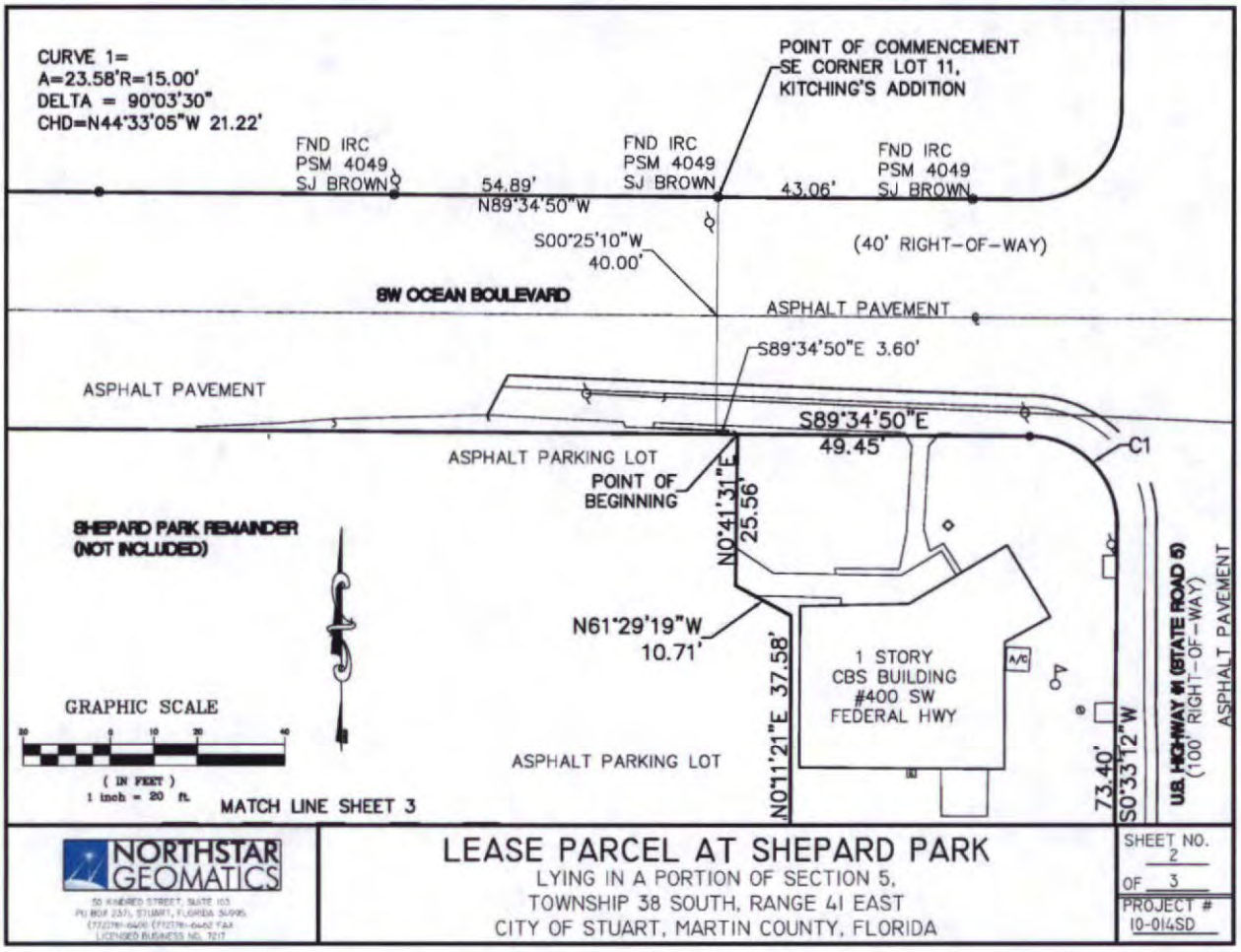
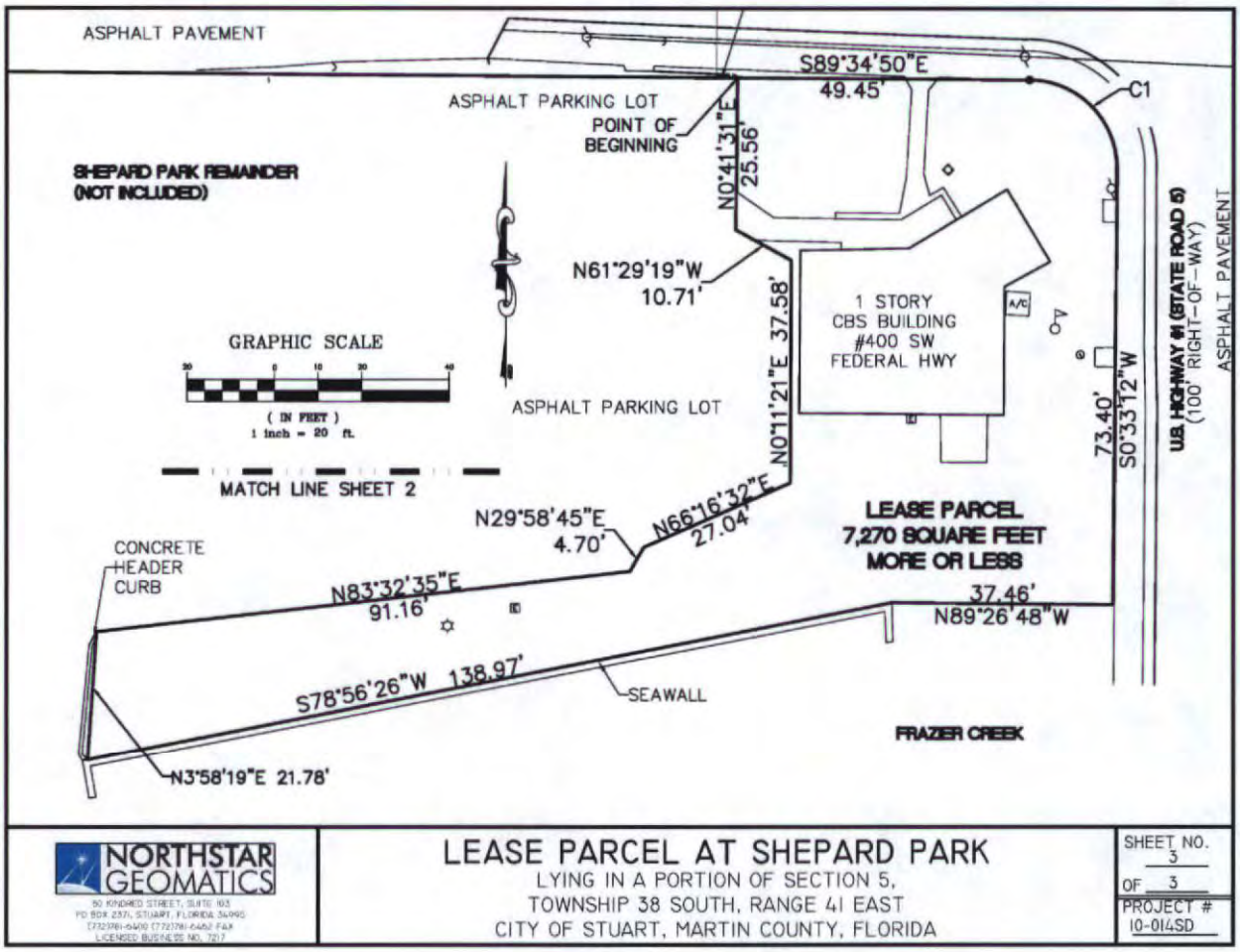


EXHIBIT A pg 3



City of Stuart and Marshall Duffield
Individual Personal Guarantee

I, Marshall Duffield, residing at 2531 Vista Dr, Newport Beach, CA 92663 for and in consideration hereby acknowledged do personally guarantee to the City of Stuart, Florida ("City") the payment of all obligations under this Lease between The City of Stuart and Duffield Marine Inc. for property described in Exhibit "A" attached hereto and I hereby agree to bind myself to pay to the City on demand any sum which may become due to the City by Duffield Marine, Inc. ("Duffield") whenever Duffield shall fail to pay the same. It is understood that this guaranty shall be continuing and irrevocable guaranty for such indebtedness of Duffield.

WITNESSES:

by _____
Marshall Duffield, personally.

Print Name: Robert A Hunt

Print Name: Heather Gorrie

STATE OF CALIFORNIA)
COUNTY OF Orange)

Sworn to (or affirmed) and subscribed before me this 10 day of Sept, 2012, by Marshall Duffield who is known to me or produced California Drivers License as identification.

JESSICA FUSON
NOTARY PUBLIC - CALIFORNIA
COMMISSION # 1945249
ORANGE COUNTY
My Comm. Exp. July 23, 2015

SEAL

_____
Notary Public in the State of California
Printed Name: Jessica Fuson
My Commission Expires: July 23, 2015

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT "A"

LEGAL DESCRIPTION

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DATE

GREGORY S. FLEMING, P.S.M.
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THIS IS NOT A BOUNDARY SURVEY

NORTHSTAR GEOMATICS
50 KINGMAN STREET, SUITE 203
PO BOX 2371, STUART, FLORIDA 34995
(772)781-0408 (772)781-0402 FAX
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SKETCH AND DESCRIPTION
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SHEET NO. 1
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EXHIBIT A pg 2

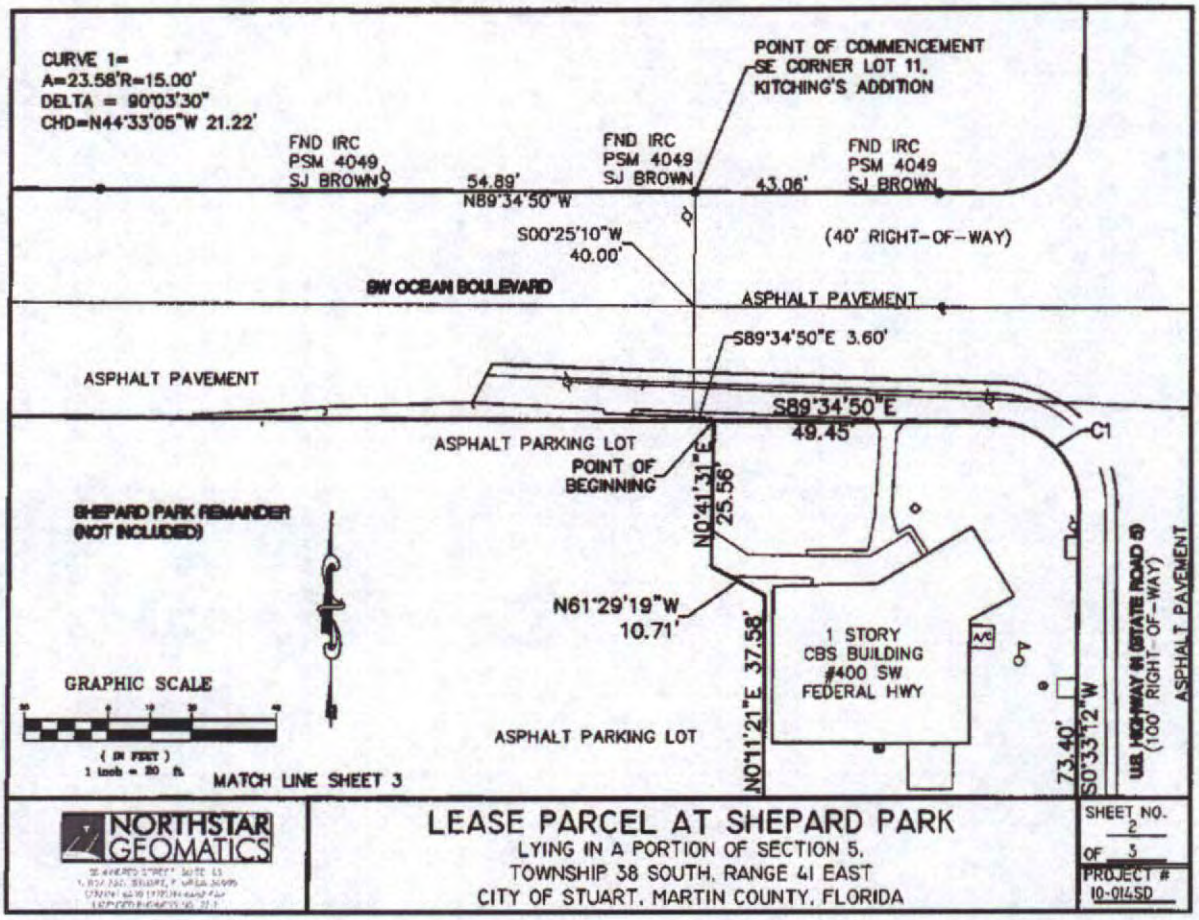
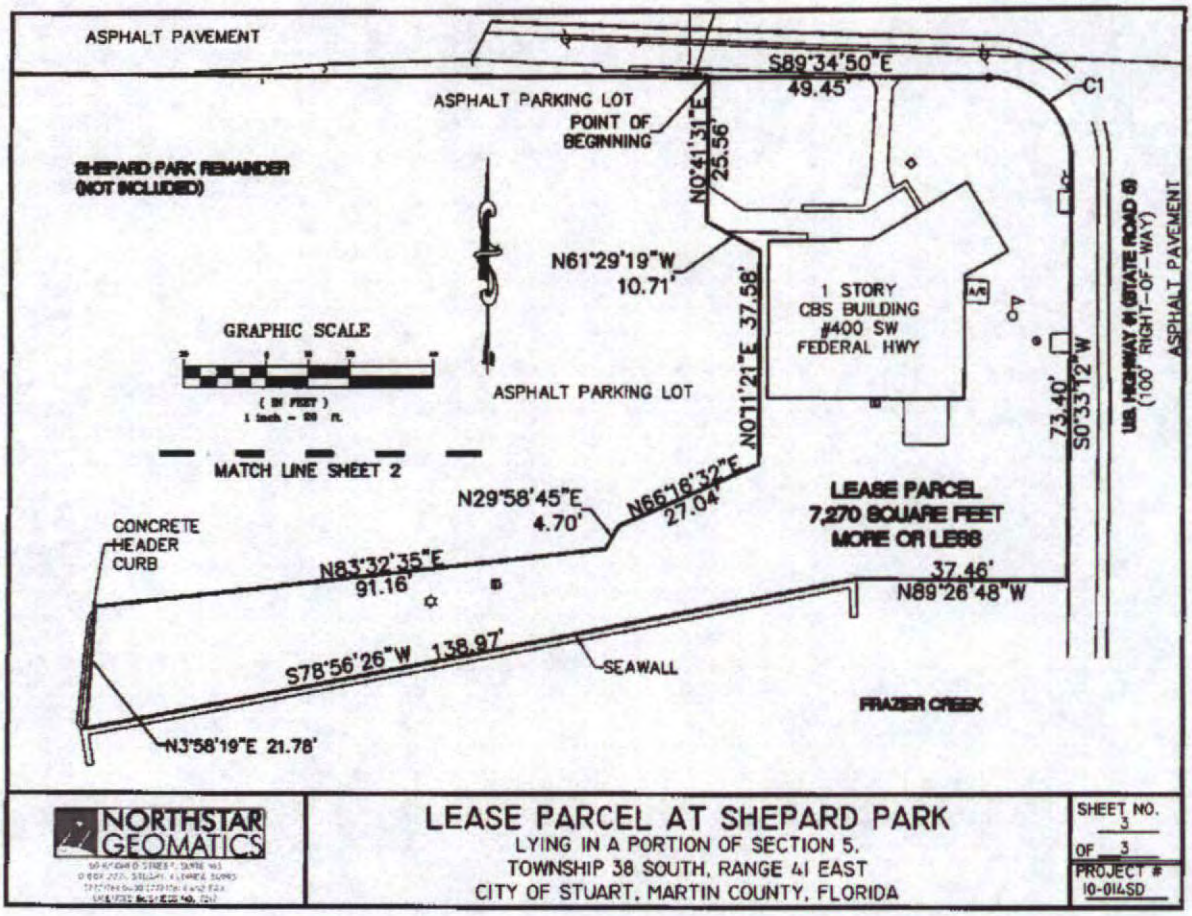


EXHIBIT A pg 3



OP ID: MB

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 09/21/12

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Shorepoint Insurance Services CA License # 0247753 1120 Bristol St. Costa Mesa, CA 92626-5964 Ray Markley 714-430-0035 714-430-0036	CONTACT NAME: Mark Bogan PHONE (A/C, No, Ext): 714-430-0035 FAX (A/C, No): 714-430-0036 E-MAIL ADDRESS: mark@shorepointinsurance.com PRODUCER CUSTOMER ID #: DUFFI-1
INSURED Duffield Marine, Inc., dba: Duffy Boats of SW Florida 400 SW Federal Highway Stuart, FL 34994	INSURER(S) AFFORDING COVERAGE — NAIC # INSURER A : Ace Fire Underwriters Ins INSURER B : Indemnity Ins Co of N. America INSURER C : INSURER D : INSURER E : INSURER F :

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC			D37171554	01/01/12	01/01/13	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ $ $ $ $ $	1,000,000 100,000 5,000 1,000,000 2,000,000 2,000,000
A A	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS			D37171554 D37171554	01/01/12 01/01/12	01/01/13 01/01/13	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ $ $ $	1,000,000
B	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DEDUCTIBLE X RETENTION $ 10,000			N04992246001	01/01/12	01/01/13	EACH OCCURRENCE AGGREGATE	$ $	3,000,000 3,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N N/A (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ $	
A	P&I			Y05478480	01/01/12	01/01/13	P&I		1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

City of Stuart named as additional insured with respect to operations of the Named Insured.

*Ten day notice to apply in the event of nonpay cancellation.

CERTIFICATE HOLDER

City of Stuart
121 SW Flagler Avenue
Stuart, FL 34994

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Mark Bogan

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CITY OF STUART, FLORIDA
CITY COMMISSION
AGENDA ITEM REQUEST

Meeting Date: 9/10/2012 **Prepared by:** T. Iverson

Ordinance/Resolution No. 77-2012

Title of Item:

Review and Approve Lease of Old Chamber of Commerce Building located at 400 South West Federal Highway (Shepard Park).

Summary Explanation/Background Information on Agenda Request:

City staff has reviewed several proposals to lease the Old Chamber of Commerce building located at 400 South West Federal Highway since the last offer was presented to the Stuart City Commission on March 26, 2012. Land use and zoning requirements restrict proposed usage of the building, therefore only proposals considered amenities to the park were considered.

On August 8, 2012, Duffield Marine officially submitted a proposal to lease the Old Chamber of Commerce building, including the seven usable boats slips, for a monthly rate of $2,000.00, with an initial term of five (5) years and one renewal term of five (5) years for a total lease term of ten years. Duffy Boats intends to use the building as a rental and sales office for Duffy Electric Boats. Their offer is attached for review.

City staff counter offered with acceptance of the $2,000.00 monthly rent for the first two years of the lease then an escalator would take effect in the third year of three percent (3%) or the inflation rate as reflected in the Consumer Price Index (CPI-U-South Region) for the immediate preceding year, whichever is less. Duffy Boats accepted the escalation clause and executed the lease (attached for review).

Staff considers the proposed use of the building and boat slips an amenity and an adjunct to Shepard Park, intended to enhance the park experience. The residents surrounding Shepard Park were notified of staff's intent to present this lease for approval to the Stuart City Commission at the regularly scheduled SCC meeting on September 10, 2012.

Funding Source:

N/A

Recommended Action:

Approve Lease of Old Chamber of Commerce Building located at 400 South West Federal Highway (Shepard Park) to Duffield Marine, Inc., simultaneously authorize Mayor and City Clerk to execute the agreement.

Zaharako, Dorothy

Finance Director

Amerson, Sam
Public Works Director

O'Neil, Terry
Development Director

Durham, Michael
City Attorney

PROPOSAL FORM

RFP #2011-99 – Lease of Shepard Park Property

This section may be issued to proposers in Word format if so requested. Make any request through the City of Stuart Purchasing Office by email at tiverson@ci.stuart.fl.us (preferred) or by telephone at (772)288-5320

(Attach additional sheets if necessary)

1. Name of respondent: Duffield Marine, Inc.

2. If corporation or partnership, please list principals:

   a. Marshall Duffield

   b. _____

   c. _____

   d. _____

3. Address: 670 West 17th Street, E7

   Costa Mesa, CA 92627

   _____

4. Phone: (949) 645-6811

5. Fax: (949) 645-6821

6. E-mail: bhunt@duffyboats.com

7. Description of proposed use (i.e.: professional office, bait & tackle shop, etc.), if the boat slips are included in the proposal, include a statement here certifying the proposer understands that the slips must be kept available for public use, first come first served. Please be specific:

   Electric boat rentals and sales.

8. Description of proposed improvements if any (i.e.: office complex, commercial building, etc.) Please be specific:

1. Electrical upgrades on each boat slip
2. Office upgrades-paint, carpet and possible outside deck
3. Addition of some floating docks

9. Length of proposed lease and description of proposed leasing terms.

1. 5 year initial lease, with 5 year option
2. Start of lease 10/1/2012
3. Three months free rent. First rent due 01/01/2013

10. Description of Business experience:

1. 41 years of manufacturing and servicing electric boats
2. 21 years renting boats in Newport Beach, CA

PROPOSAL SCHEDULE

RFP #2011-99, Lease of Property Located in Shepard Park, 400 South Federal Highway

Opening Date: June 1, 2011 at 2:30 pm

* *

Lease Amount

PROPOSED AMOUNT: $ 2,000.00 per month (annum, month, quarter, etc.)

two thousand dollars per month
(Amount and Time Period in words)

The above proposed amount is the "Lease Price" as that term is used in the attached proposed lease agreement (Attachment D).

Attached, within the PROPOSAL FORM above, is a description of improvements, if any intended, including a schedule for the improvements and a cost estimate. The Undersigned certifies that all necessary improvements will be completed within two years of the date of lease.

The Proposer certifies that this proposal complies with the Solicitation requirements, terms and conditions of the City.

Date: 08/08/2012 , ~~2011~~

By individual(s):

_____ _____
(Signature) (Print Name)

_____ _____
(Signature) (Print Name)

By corporation or other legal entity:

X _____ Marshall Duffield
(Signature) (Print Name)

CEO
(Title)

ATTACHMENT C

This section may be issued to proposers in Word format if so requested. Make any request through the City of Stuart Purchasing Office by email at tiverson@ci.stuart.fl.us (preferred) or by telephone at (772)288-5320

Lease Application

Lease Location: 400 S. Federal Hwy Date: 08/07/2012

Business Name: Duffield Marine, Inc.

Name of persons who will sign lease:

Person 1: Marshall Duffield

Driver License Number: S0867028 State of Issue: CA

Social Security #: 557-74-0298 Date of Birth: 02/20/1952

Person 2: Robert Hunt

Driver License Number: D9795262 State of Issue: CA

Social Security #: 548-72-7172 Date of Birth: 05/26/1948

If your business is a corporation, LLC or other entity, state its type: S Corp

Federal Tax ID Number: 33-0288237

State in which business entity formed: California

Name of Person(s) who will guarantee lease:

Person 1: Marshall Duffield

Person 2: Robert Hunt

Registered Agent Name: _____

Address for registered agent: _____

City: _____ State: _____ Zip Code: _____

Proposed use of leased Property: Electric boat rentals and sales.

Other business locations: 2001 West Coast Highway, Newport Beach, CA 92663
17260 Muskrat Ave, Adelanto, CA 92301

Credit References

Name: Trojan Battery Company

Address: 12380 Clark Street

City: Santa Fe Springs State: CA Zip Code: 90670

Contact Person: Santa Fe Springs Telephone #: (562)236-3112

Name: Composites One

Address: 11917 Altamar Place

City: Santa Fe Springs State: CA Zip Code: 90670

Contact Person: _____ Telephone #: (800)237-0087

Name: Port Supply

Address: PO Box 50060

City: Wastonville State: CA Zip Code: 95077

Contact Person: _____ Telephone #: (800)621-6885

Bank Information:

	Name	Type of Account	Account #	City
1.	Beach Business Bank	Checking	4010001867	Costa Mesa, CA
2.				

Credit Cards:

	Name	Credit Card #	Type
1.	Marshall Duffield	5474639000674342	Wells Fargo MC
2.			

Creditors (Not already listed):

Name	Monthly Payment	Balance Owed
Wells Fargo Financial	$1,274.64	$15,295.68

Comments:

Consent to Check Credit

I/We, the undersigned applicant(s) authorize the City of Stuart or its agent to order and review my/our credit and criminal history and investigate the accuracy of the information contained herein. I/We further authorize all banks, employers, creditors, credit card companies, references and any and all other persons to provide to City any and all information concerning my/our credit.

Signed: _____ Date: 8/8/12

Signed: _____ Date: _____

By signature hereon, applicant(s) agree that the information disclosed herein is true, complete and accurate to the best of applicant's knowledge, and applicant(s) agree that the information disclosed herein is material to the City's potential decision with respect to granting or denying this application to enter a lease.

Signed: _____ Date: 8/8/12

Signed: _____ Date: _____

LEASE AGREEMENT

THIS LEASE is made and executed as of the _____ day of _____, 2012, between the City of Stuart, 121 SW Flagler Avenue, Stuart, Florida 34994, hereinafter referred to as "LESSOR", and Duffield Marine Inc., 2001 West Coast Hwy, Newport Beach, CA 92663 hereinafter referred to as "LESSEE".

Section 1. Demise, Description and Use of Premises

In consideration of the sum of Ten and No/100 Dollars ($10.00) to it in hand paid this day, the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor leases to Lessee and Lessee hires from Lessor upon the terms and conditions contained herein, for the purpose of conducting thereon any lawful business and for no other purpose, the following described real property located in Martin County, Florida, to wit:

See Exhibit "A" attached hereto and made a part hereof.

As used herein, the term "Premises" refers to the real Property above described and to any improvements located thereon from time to time during the term hereof.

Section 2. Commencement and Term

The term of this Lease shall commence on the date of full execution of this Lease (the "Lease Commencement Date"). Rental payments due hereunder shall commence on **March 31, 2013** (the "Rental Commencement Date").

The term of this Lease shall continue for a period of Five (5) years from the commencement date subject to extension or prior termination as set forth herein.

Section 3. Right to Extend

Provided the Lessee is not in default under any of the terms and conditions of this Lease, and provided the Lessee has faithfully performed all of its covenants and undertakings contained in this Lease, Lessee shall have the right and option to extend the term of this Lease for **one additional term of five (5) years** with the same terms and conditions. The term of the Lease shall be automatically extended from one period to the next, unless written notice shall have been given by Lessor of a continuing, uncured, material breach of the Lease, or the Lessee shall have given written notice of its intent to allow the Lease to expire, not less than 90 days prior to its expiration.

Section 4. Basic Rent

It is the purpose and intent of the Lessor and the Lessee that the rent shall be absolute net to the lessor. Lessee hereby agrees to pay to Lessor rent for the leased premises land, the sum of Two Thousand and 00/100 Dollars ($2,000.00) per month, together with the upward adjustments provided herein, payable, solely for the convenience of Lessee, in equal monthly installments, payable on the first (1st) day of each month, in advance, from the Rental Commencement Date throughout the term of this Lease, including any renewal terms, subject to adjustment as hereinafter set forth. Payment shall be made in the form of a locally drawn, local (Martin County, Florida) bank's check or direct deposit into a designated city account, and shall be made to whoever the Lessor designates, in writing, from time to time.

Section 5. Rent Escalation

The rental for years subsequent to the initial two years of this lease shall be computed by adding three percent (3%) to the sum of $2,000.00, which is the amount of base monthly rent of the lease, or the inflation rate as reflected in the Consumer Price Index (CPI-U-South Region) for the immediate preceding year, whichever is less. Annual rent will be adjusted each year by the 12-month percent change in the Consumer Price Index for All Urban Consumers (CPI-U), South region published the month before the anniversary date. In no case will the upcoming year's rental rate be less than the previous year's rental rate.

"CPI-U-South Region" means the index of consumer prices developed and updated by the U.S. Department of Labor, Bureau of Labor Statistics for urbanized areas within the defined southern US region. CPI-U (South) includes expenditures by urban wage earners and clerical workers, professional, managerial and technical workers, the self-employed, short-term workers, the unemployed, retirees and others not in the labor force.

Section 6. Taxes

Beginning on the Lease Commencement Date and throughout the term of this Lease thereafter, including any extension terms, Lessee shall pay, as additional rent hereunder, before they become delinquent, all taxes. "Taxes" as used herein, means all real property taxes, impact fees, rates, duties and assessments, local improvement taxes, whether a general or special, that are levied, rated, charged or assessed against the Premises or any part thereof and any rents due Lessor therefrom from time to time by any lawful taxing authority, whether Federal, State, Municipal, School, or otherwise, and any and all taxes which are imposed in lieu of, or in addition to any such real property taxes whether of the foregoing character or not and whether in existence at the Commencement Date.

Lessor shall promptly forward to Lessee all notices, bills or invoices Lessor received requiring payment for any of the items set forth above.

All taxes for the beginning and ending years of the term hereof, from date hereof, including any extension terms, shall be prorated between Lessor and Lessee based upon the respective periods in which they hold possession of the Premises.

Lessee may contest any tax or assessment it is required to pay and may file protests or otherwise proceed in the name of Lessor. No contest may be filed for the first year's taxes. Thereafter, any contest must be made by posting with the Lessor sufficient collateral, in a form acceptable to Lessor, to protect the Lessor against loss of the Property by tax sale or other tax collection procedure. Lessor may use the collateral at any time Lessor determines in good faith, that such a loss is imminent.

All Federal or State sales taxes or taxes similar in nature imposed upon payments made by a tenant to a landlord or upon this lease whether on the rents, additional rent or the lease or leasing privilege shall be paid in full by Lessee promptly when due or upon demand therefore.

Nothing herein shall be construed so as to require Lessee to pay any income tax, inheritance tax, capital gain tax, franchise tax or corporate stock tax imposed upon or payable by Lessor.

Section 7. Permitted Uses

Lessee shall be entitled to develop the Premises for use as a retail rental and sales office for Duffy Electric boats. Boat rental to the public is a requirement of this lease for the initial lease term and all lease extensions. Lessee shall be responsible for the payment of any and all costs incurred in connection with the development of the Premises including the preparation of any applications, plans, surveys or other documents and all impact fees and development incurred in connection with development of the Premises.

Nothing contained herein shall be construed so as to require Lessor to execute any document or instrument, which would create any financial liability neither on the part of Lessor nor upon the subject premises, nor alter or impair Lessor's rights under this Lease. There is no obligation under this Lease for Lessor to convey or burden any part of or all of the fee interest of the subject premises or grant or agree to any condition, which will burden the Property beyond the Lease term. Any such condition shall terminate when the Lease terminates.

7.1 Hours of Operation

Hours of operation, at a minimum, shall be 10:30am to 8:00 pm seven days per week. Days of operation may be reduced to five days per week at the discretion of the Lessee.

Section 8. Encumbrances of Lessee's Leasehold Interest

Lessee may, without being required to obtain Lessor's consent, encumber its Leasehold interest in the Premises together with all improvements placed thereon by Lessee, as security for any indebtedness of Lessee. Lessor shall not be required to subordinate its fee interest in the Premises to the lien of any mortgage, which Lessee may execute.

Lessor further agrees, in connection with Lessee's efforts to obtain financing for the development of the Premises, to provide any Mortgagee of whom Lessor has actual knowledge who holds a mortgage on Lessee's leasehold interest with a copy of any notice of default Lessor sends to Lessee hereunder and prior to terminating this Lease as in result of any default by Lessee, Lessor shall provide any such Mortgagee an equal period within which to cure any default by Lessee or in the alternative, Lessor shall give the Mortgagee the right to elect to receive a new lease on the Premises for a term equal to the then unexpired term of this Lease containing the same covenants and conditions as this Lease, such right of election to be in effect for thirty (30) days following the expiration of any grace period granted to Lessee and said right to be conditioned upon the mortgage curing Lessee's default.

Lessor shall from time to time, within ten (10) days after Lessee shall have requested it, execute, enseal, acknowledge and deliver to the Lessee, or such other party as may be directed by Lessee an estoppel letter in recordable form certifying any fact pertaining to the Lease reasonably requested by Lessee or any mortgage or prospective mortgage of the leasehold interest. It is intended that any statement delivered pursuant to the provisions of this Section be relied upon by any such mortgage. Lessee shall prepare such instrument and deliver same to Lessor with the request.

Section 9. Assignment and Sublease

Lessee may not assign all or a portion of this Lease or sublease the whole or any part of the Premises, including portions of any improvements erected thereon by Lessor or other portions of the Premises for any lawful purpose without the consent of Lessor. Lessee shall remain liable for the full performance of its covenants and obligations under this Lease for the entire term hereof. No sub-lease can extend beyond the existing term of this Lease. No sub-lease can alter the terms hereof.

Section 10. Uses Prohibited

Lessee shall not use or permit the use of the Premises, or any part thereof, for any illegal purpose or purposes, nor shall Lessee maintain a nuisance on the Premises or use or permit the use thereof for immoral purposes. The Premises may not be used as a toxic waste dump or storage facility, a solid waste disposal site or any use which could have a harmful effect on the land itself. The Lessee shall not commit waste. No use may be made of the Property which would legally impair the right to collect rental adjustments called for herein.

Section 11. Improvements, Maintenance, Repairs, Additions, Replacements to the Real Property

Through the term of this Lease, the Lessee shall have the right (but not the duty) to construct, erect, or reconstruct any and all manner of buildings, works, or improvements upon the Premises as are permitted by this lease and the then applicable Zoning, Subdivision and Building Ordinances of the applicable jurisdiction.

Lessee shall, at all times during the term of this Lease, and at its own cost and expense, keep and maintain or cause to be kept and maintained in good repair and good condition (ordinary wear and tear excepted), all buildings and improvements at any time erected on the Premises, and shall use all reasonable precaution to prevent waste, damage or injury, by any cause or reason including fire, storm or disrepair.

With the exception of improvements to the boat slips adjacent to the premises, Lessor shall not be required to furnish any services or facilities or to make any improvements, repairs, or alterations in or to the Premises during the term of this Lease. However, the Lessor shall have the right, but not the obligation, to enter onto the Property and make repairs if the Lessee fails to make repairs, upon being given reasonable notice to do so by the Lessor. Such failure to make reasonable repairs by the Lessee shall be deemed a default under the Lease, which may only be cured by paying the reasonable cost therefore in a timely manner. The cost of any repairs so made shall be considered additional rent, and the Lessee shall pay for the same, in full, at the next time that Rent is due to be paid, failing which the Lessee shall be in default of the Lease.

Lessee's rights, as set forth in this Section 11, shall be subject to the following conditions:

A. The cost of any such construction, or of any change, alteration or improvements, shall be borne and paid for by Lessee.

B. The Premises shall, at all times, be kept free of mechanics and material men's liens.

C. The parties shall enter into an Amended and Restated Memorandum of Lease, in recordable form, in form and content acceptable to Lessor, and the same shall be recorded prior to the commencement of any work on the premises. The Lessee agrees to execute such further agreements as may be necessary, from time to time, to preserve the leased premises from the imposition of liens. The Lessee shall provide in any contracts and shall require the General Contractor to provide in all sub-contracts and sub-sub-contracts that the parties thereto must look solely to the Lessee for payment and that no liens shall be filed against the land itself.

D. During the last three years of any term of the Lease (or any extended term acquired by exercise of an option hereunder), Lessee shall not demolish or remove any building or improvements located on the premises unless Lessee's option to renew for the next five (5) year period has been exercised in writing. At the end of term hereof, all improvements located on the Premises will become the property of Lessor and at Lessor's option, Lessor can require Lessee to remove all or any part of the improvements and to place the Premises in their original condition.

11.1 Maintenance

Lessor covenants to maintain, at its cost and expense, the exterior, structural and foundation components of the building; paving, curbing, and repair of sidewalks, parking areas and driveways. Lessee covenants to maintain at its cost and expense, all fixtures installed by the Lessee. All interior walls, ceilings, cabinets, any exhaust fans, interior lighting, interior painting, and any outdoor improvements.

Repairs and Maintenance to the roof, air conditioning, electrical, and plumbing systems in the building cost of which is less than Five Hundred and 00/100 Dollars ($500.00) shall be the responsibility of Lessee. Repairs and Maintenance to air conditioning, electrical, and plumbing systems in the building cost of which is in excess of Five Hundred and 00/100 Dollars ($500.00) shall be the responsibility of Lessor.

11.2 Repairs to Boat Slips

The seven (7) boat slips adjacent to the premises shall be repaired and brought to a condition which is safe for users of the boat slips. Cost of repairs to the boat slips shall be the responsibility of Lessor with the understanding that Lessee shall pay Six Thousand and 00/100 Dollars ($6,000.00) toward these repairs. The payment from Lessee to Lessor shall be due within thirty (30) days of completion and approval, by Lessor, of the boat slip repairs Consideration shall be given to Lessee in the form of three months rental abatement for the period from January 1, 2012 to March 31, 2013, reflected in Section 2, Commencement and Term.

11.3 Lease and/or Rental of Boat Slips

The seven boat slips adjacent to the premises shall be exclusively for the use of Lessee for rental and sale of Duffy Electric boats.

Section 12. Insurance

Lessee covenants to provide, during the entire term hereof at Lessee's own cost and expense, as additional rent, by advance payment of premiums, a comprehensive liability policy of insurance protecting Lessor and Lessee as their interest may appear against any liability whatsoever, occasioned by accident on or about the demised premises or any appurtenances thereto. Such policy shall be approved by Lessor, written by a company rated not less than "AAA", by Best's Register, in an amount not less than One Million Dollars ($1,000,000) to cover the claim of damage from any single person, and not less than Two Million Five Hundred Thousand Dollars ($2,500,000) to cover more than a single claim which may arise from a single action, and in the sum of Five Hundred Thousand Dollars ($500,000) in respect to claims for property damage. Such policy shall insure Lessee and Lessor against any liability that may accrue against them or either of them, on account of any occurrence on or to the demised premises during the term thereof, resulting in personal injury, death, property damage, or any other liability whatsoever; and said policies shall include indemnity against loss, expense and damage of any and every kind, including costs of investigation and attorney's fees, and other costs of defense. Lessee agrees to pay all premiums for all policies promptly as additional rent and deliver to Lessor an original or duplicate original of all such

policies, together with evidence of payment of premium thereon, upon the beginning date of this Lease, and from time to time thereafter as premiums shall fall due. Lessor may require an increase in the limits of coverage or extent of coverage at any time such increase is deemed commercially reasonable by Lessor. Lessor may increase the amounts of required insurance coverage provided the same is commercially reasonable.

All insurance coverage called for under the Lease shall contain provisions granting Lessor ten (10) days notice prior to termination thereof and shall be written by an insurance company authorized to do business in Florida. Copies of the policies shall be promptly furnished to Lessor.

All hazard insurance policies carried by the Lessee covering property located on the demised premises will provide that the Lessor is an additional named insured.

Nothing contained herein shall be construed or interpreted as a waiver of the sovereign immunity liability limits established under chapter 768.20 Florida Statutes as amended.

Section 13. Indemnify Lessor

In consideration of said Premises being leased to Lessee for the above rental, Lessee agrees: that Lessee, at all times, will indemnify and hold harmless Lessor from all losses, damages, liabilities and expenses, which may arise or be claimed against Lessor and be in favor of any persons, firms or corporations, for any injuries or damages to the person or property of any persons, firms or corporations, consequent upon or arising from the use or occupancy of said Premises by Lessee, or consequent upon or arising from any acts, omission, neglect or fault of Lessee, his agents, servants, employees, licensees, visitors, customers, patrons, or invitees, or consequent upon or arising from Lessee's failure to comply with any laws, statutes, ordinances, codes or regulations as herein provided; that Lessor shall not be liable to Lessee or any damages, losses or injuries to the persons or to property of Lessee which may be caused by the acts, neglect, omissions or faults of any persons, firms or corporations, and that Lessee will indemnify and keep harmless Lessor from all damages, liabilities, losses, injuries or expenses which may arise or be claimed against Lessor and be in favor of any persons, firms or corporations, for any injuries or damages to the person or property of any persons, firms or corporations, where said injuries or damages arose about or upon said Premises as a result of the negligence of Lessee, his agents, employees, servants, licensees, visitors, customers, patrons and invitees. All personal property placed or moved into the Leased Premises or Building shall be at the risk of Lessee or the owners thereof, and Lessor shall not be liable to Lessee for any damages to said personal property. Lessee shall maintain at all times during the term of this Lease an insurance policy or policies in an amount or amounts sufficient to indemnify Lessor and to pay Lessor's damages, if any, resulting from any matters set forth hereinbefore in this Paragraph 13. LESSEE WAIVES ALL RIGHTS TO RECOVER FROM LESSOR FOR ANY DAMAGES CAUSED BY NEGLIGENCE OF LESSOR, ITS AGENTS OR EMPLOYEES. Lessee's insurance policies shall contain a waiver of the right of subrogation as against the Lessor.

Section 14. Time

It is understood and agreed between the parties hereto that time is of the essence of all the terms, provisions, covenants and conditions of this Lease.

Section 15. Condemnation

A. If, at any time during the term of this Lease, title to all of the Premises shall be taken by the exercise of the right of condemnation or eminent domain, this Lease shall terminate and expire on the date of such taking, and the rent and other charges provided to be paid by Lessee shall be apportioned and paid to the date of such taking.

B. If at any time during the term of this Lease, title to less than all of the Premises shall be taken as aforesaid, this Lease shall continue (unless Lessee shall elect to terminate this Lease by giving notice thereof to Lessor within thirty (30) days after the date of such taking, in which case this Lease shall terminate on the date therefore set forth in such notice), except that thereafter the rent shall be reduced to a fraction of the former amount which fraction shall be determined by dividing the area of the untaken portion of the Premises by the area of the Premises immediately before the taking.

C. Lessee may, at its option, but shall not be required to, repair, restore, replace or rebuild any damage or destruction to the Premises and improvements located thereon resulting or arising from any taking of all or any part thereof.

Section 16. Requirements of Public Authority

A. During the term of this Lease, Lessee shall, at its own cost and expense, promptly observe and comply with all present and future laws, ordinances, requirements, orders, directives, rules and regulations (collectively "regulations") of the Federal, State, County, Town, Village and City Governments and of all other governmental authorities affecting the Premises or appurtenances thereto or any part thereof whether the same are in force on the Commencement Date or may in the future be passed, enacted, or directed, and Lessee shall pay all costs, expenses, liabilities, losses, damages, fines, penalties, claims and demands, including reasonable counsel fees, that may in any manner arise out of or be imposed because of the failure of Lessee to comply with the covenants of this Section 16. If such regulations shall so restrict the use or development of the Premises so as to render the development of the Premises unfeasible in the discretion of Lessee, Lessee shall have the option to terminate this Lease upon thirty (30) days written notice to Lessor.

B. Lessee shall have the right to contest by appropriate legal proceeding diligently conducted in good faith in the name of the Lessee, without costs, liability or expense to Lessor, the validity or application of any law,

ordinance, rule, regulation or requirement of the nature referred to in paragraph (A) of this Section and, if by the terms of any such law, ordinance, order, rule, regulation or requirement, compliance therewith may legally be delayed pending the prosecution of any such proceeding, Lessee may delay such compliance therewith until the final determination of such proceedings. Nothing herein shall delay the payment of all sums due to Lessor herein required to be paid.

Section 17. Lessor's Title/Possession

Lessor covenants that as of the Commencement Date: Lessor shall have the fee simple title to the Premises with full right and authority to make this Lease; the Premises shall then be free and clear of all liens, easements, restrictions, leases and encumbrances. Lessee has received and accepts the title insurance policy heretofore delivered to Lessee. Lessee has surveyed the Property and has accepted the state of the survey. Lessee shall be delivered possession of the Premises; and Lessee shall have quiet and peaceful possession and enjoyment of the Premises and of all appurtenances thereunto belonging during the term of this Lease including all extension terms. The value of Lessee's interest is stated to be. However, Lessor shall have no responsibility to provide any additional title insurance coverage on the Premises.

Section 18. Care of Premises

Lessee shall in nowise violate any of the zoning or other governmental restrictions now or hereafter placed upon the said real Property. Lessee shall, at its sole expense, pay for any alterations, improvements, machinery or equipment which may be required by any applicable governing body now or at any time during the term of this Lease.

Section 19. Conditional Limitations – Lessee Default Provisions

This lease and the term hereof are subject to the limitation that if, at any time during the term of this Lease, any one or more of the following events (herein called an "event of default") shall occur, that is to say:

A. If Lessee shall make an assignment for the benefit of its creditors; or

B. If any petition shall be filed against Lessee in any court, whether or not pursuant to any Statute of the United States or of any State, in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceedings, and Lessee shall thereafter be adjudicated bankrupt, and if any such proceedings shall not be dismissed within ninety (90) days after the institution of the same; or if any such petition shall be so filed by Lessee; or

C. If Lessee shall fail to pay any installment of the rent, or any part hereof, when the same shall become due and payable, and such failure shall continue for thirty (30) days; or

D. If Lessee shall fail to pay when due any other charge required to be paid by Lessee hereunder, and such failure shall continue for thirty (30) days after written notice thereof from Lessor to Lessee; or

E. If Lessee shall fail to perform or observe any other requirement of this Lease (not hereinbefore in this Section 20 specifically referred to) on the part of Lessee to be performed or observed, and such failure shall continue for thirty (30) days after written notice thereof from Lessor to Lessee, unless Lessee shall have commenced to cure any such default as is referred to in this sub-section five (5) within said thirty (30) day period and diligently pursues such cure to completion;

Then upon the happening of any one or more of the aforementioned events of default, and the expiration of the period of time for remedying the same, Lessor may:

1. Give to Lessee a notice hereinafter called ("notice of termination") of intention to end the term of this Lease and the term hereof, as well as all of the right, title and interest of the Lessee hereunder, shall wholly cease and expire in the same manner and with the same force and effect as if the date originally specified herein for the expiration of this Lease had arrived and the Lessee shall then quit and surrender the Premises to Lessor, and

2. Lessor may at any time after an event of default re-enter the Premises and remove Lessee therefrom, and all or any of its property therefrom, either by summary dispossess proceedings or by any suitable action or proceeding at law, and

3. It is expressly and specifically covenanted and agreed that the entire unpaid balance of the basic rental with an estimated adjustment as provided in Paragraph 5 and the entire amount of estimated additional rental to the end of the term, based upon existing additional rentals already accrued, shall, at the sole option of the Lessor, immediately become due and payable, and

4. All of the right, title, estate and interest of Lessee (i) in and to the improvements, all changes, additions, alterations therein, and all renewals and replacements thereof, and (ii) all rents, sub-leases, issues and profits of the Premises, or any part thereof, whether then accrued or to accrue, shall automatically pass to, vest in, and belong to Lessor, without further action on the part of either party, free of any claim thereto by Lessee.

5. Lessor shall have any other remedy provided by Florida law.

Section 20. Lessor's Defaults

If Lessor fails to perform or observe any requirements or covenant of this Lease to be performed and observed by Lessor and such default continues for a period of thirty (30) days after written notice thereof from Lessee to Lessor, Lessee shall have the option of terminating this Lease upon thirty (30) days written notice to Lessor without waiving any other legal rights hereunder or in the alternative, Lessee shall have the right of specific performance.

Section 21. Waivers

Failure of Lessor or Lessee to complain of any act or omission on the part of the other party no matter how long the same may continue shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by Lessor or Lessee at any time, express or implied, of any breach of any provisions of this Lease shall be deemed a waiver of a breach of any other provisions of this Lease or a consent to any subsequent breach of the same of any other provisions. No acceptance by Lessor of any partial payment shall constitute an accord or satisfaction, but shall only be deemed a partial payment on account.

Section 22. Notices, et cetera

All notices, consents, demands and requests which are required or desired to be given by either party to the other shall be in writing. All such notices, consents, demands and requests shall be sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the other party at its address set forth in this Lease, or at such other place as it may from time to time designate in a written notice to the other party given pursuant to the provisions of this Section. Notices, consents, demands and requests which are served upon Lessor or Lessee in the manner aforesaid, shall be deemed to have been given or served for all purposes hereunder on the third (3rd) business day next following the date on which such notice, consent, demand or request shall have been mailed as aforesaid.

Section 23. Governing Law

This Lease and the performance of the covenants and terms thereof shall be governed, interpreted, construed and regulated in accordance with the laws of the State of Florida.

Section 24. Partial Invalidity

If any term, covenant, condition or provision of this Lease or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be

affected thereby, and each term, covenant, condition and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 25. Sales Taxes

Lessor will endeavor to collect and Lessee shall promptly pay all sales or similar type taxes imposed upon the various amounts of money payable as rent hereunder. In the event it is subsequently determined that any amount required to be paid or paid for hereunder is subject to such tax, Lessee shall promptly pay the same and any penalties and interest payable thereon.

Section 26. Covenants Binding the Respective Parties

Except as herein expressly provided, the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Lessor and Lessee and their respective heirs, successors and assigns.

Section 27. Disposition of Improvements on Termination of Lease

On termination of this Lease for any cause, Lessor shall become the owner of any building or improvements on the Premises. If Lessee is not in default, Lessee shall however have the right to remove any furniture, fixtures, equipment or other things which may be removed from the premises without changes to any of the buildings or improvements hereinafter located on the Premises.

Section 28. Attorney's Fees and Costs

In connection with any litigation arising out of this Lease, the prevailing parties shall be entitled to recover all costs incurred, including reasonable attorneys' fees through and including any and all appellate actions.

Section 29. Attornment

In the event of a transfer of Lessor's interests in the Premises or the purchase of the Lessor's interest therein in a foreclosure sale or by deed in lieu of foreclosure under any mortgage or the purchase, pursuant to a power of sale contained in any mortgage, then in any such events, Lessee shall, at Lessor's request, attorn to and recognize the transferee or purchaser of the Lessor's interest, as the case may be, as Lessor under this Lease, for the balance then remaining of the term and thereafter this Lease shall continue as it is directly between such person as "Lessor" and "Lessee", it being agreed that no such transferee shall have the right to disturb Lessee's tenancy hereunder so long as Lessee shall not be in default under the terms hereof.

Section 30. Waiver of Trial by Jury

It is mutually agreed by and between Lessor and Lessee that the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matter arising out of or in any way connected with this Lease, the relationship of Lessor and Lessee and Lessee's use of or occupancy of the Premises. Lessee further agrees that it shall not interpose any counterclaim or counterclaims in a summary proceeding or in any action based upon nonpayment of rent or any other payment required of Lessee hereunder.

Section 31. Additional Terms and Conditions

A. If the Lessee fails to pay any sum when due for taxes, insurance or other sums required to be paid under the Lease, the Lessor may, at Lessor's option and without waiving its right to dispossess Lessee, pay such sum and such sum shall immediately become due and payable as additional rent.

B. All rents due under the Lease shall bear interest at the highest rate provided under Florida law.

C. In the event of judicial or mutual termination of this Lease, Lessee shall provide Lessor with a Release and Surrender Agreement with two witnesses, in recordable form, to remove the Memorandum of Lease as a cloud on the title within seven days of written demand therefore.

D. By executing this Lease, the Lessee represents and covenants, under penalty of perjury that the undersigned has full authority and approval to enter into the Lease on behalf of the Lessee, as the authorized signatory of the Lessee, without the need for countersignors, or any additional proof of authority, and that Lessee is fully empowered under the laws of the State of Florida to enter into this Lease.

Section 33. Authority to Execute Contract

By signing this Agreement the Lessee swears or affirms, under penalty of perjury, that this is a valid act of the Lessee, and that no later claim shall be made by the Lessee that the Contract is invalid or an *ultra vires* act, by reason of a failure to have the proper authority to execute the Contract. In the event that a court of competent jurisdiction later determines that the Contract is or would be null and void for failure of the signatory to have proper or complete authority, this Contract shall nonetheless be deemed valid under the theory of "apparent authority," or in the sole alternative of the City, shall be deemed to be the act of the signatory, as an individual, who shall be fully responsible for its complete performance.

Section 32. Exhibits to Agreement

A. Legal Description

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals on the date first written above.

ATTEST:

LESSOR

Cheryl White
City Clerk

James A. Christie, Jr.
Mayor

APPROVED AS TO FORM
AND CORRECTNESS

Michael D. Durham
City Attorney

WITNESSES:

(Signature)

(Signature)

LESSEE

(Signature)

Marshall Duffield, C.E.O.

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT "A"

LEGAL DESCRIPTION

A PARCEL OF LAND LYING IN GOVERNMENT LOT 6, SECTION 5, TOWNSHIP 38 SOUTH, RANGE 41 EAST, CITY OF STUART, MARTIN COUNTY, FLORIDA, SAID PARCEL OF LAND ALSO BEING A PORTION OF THAT PARCEL OF LAND AS DESCRIBED IN BOOK 54, PAGE 430, OF THE PUBLIC RECORDS OF MARTIN COUNTY, FLORIDA, SAID PARCEL ALSO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: FOR A POINT OF REFERENCE, COMMENCE AT A 5/8 INCH IRON ROD AND CAP MARKED "PSM 4049 SJ BROWN" MARKING THE SOUTHEAST CORNER OF LOT 11, KITCHING'S ADDITION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 2, PAGE 86 OF THE PUBLIC RECORDS OF PALM BEACH (NOW MARTIN) COUNTY, FLORIDA, AND ALSO LYING ON THE NORTH RIGHT OF WAY LINE OF WEST OCEAN BOULEVARD; THENCE SOUTH 00°25'10" WEST, A DISTANCE OF 40.00 FEET TO A POINT ON THE SOUTH RIGHT-OF-WY LINE OF WEST OCEAN BOULEVARD; THENCE ALONG SAID SOUTH RIGHT-OF-WAY LINE, SOUTH 89°34'50" EAST, A DISTANCE OF 3.60 FEET TO THE POINT OF BEGINNING OF THE FOLLOWING DESCRIBED PARCEL; THENCE, CONTINUE ALONG SAID SOUTH RIGHT-OF-WAY LINE, SOUTH 89°34'50" EAST, A DISTANCE OF 49.45 FEET TO A POINT OF CURVATURE WITH A CURVE TO THE SOUTHWEST, HAVING A RADIUS OF 15.00 FEET; THENCE ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 90°03'30", A DISTANCE OF 23.58 FEET TO A POINT OF TANGENCY OF SAID CURVE LYING ON THE WEST RIGHT-OF-WAY LINE OF U.S. HIGHWAY #1 (STATE ROAD 5); THENCE ALONG SAID WEST RIGHT-OF-WAY LINE, SOUTH 00°33'12" WEST, A DISTANCE OF 73.40 FEET; THENCE DEPARTING SAID WEST RIGHT-OF-WAY LINE, NORTH 89°26'48" WEST, A DISTANCE OF 37.49 FEET TO THE NORTHEAST CORNER OF AN EXISTING SEAWALL; THENCE ALONG THE NORTHERLY FACE OF SAID SEAWALL, SOUTH 78°56'26" WEST, A DISTANCE OF 138.97 FEET; THENCE DEPARTING SAID NORTHERLY FACE OF SEAWALL, NORTH 03°58'19" EAST, A DISTANCE OF 21.78 FEET; THENCE NORTH 83°32'35" EAST, A DISTANCE OF 91.16 FEET; THENCE NORTH 29°58'45" EAST, A DISTANCE OF 4.70 FEET; THENCE NORTH 66°16'32" EAST, A DISTANCE OF 27.04 FEET; THENCE NORTH 00°11'21" EAST, A DISTANCE OF 37.58 FEET; THENCE NORTH 61°29'19" WEST, A DISTANCE OF 10.71 FEET; THENCE NORTH 00°41'31" EAST, A DISTANCE OF 25.56 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINING 7,270 SQUARE FEET, MORE OR LESS.

SURVEYOR'S NOTES

1. BEARINGS AS SHOWN HEREON ARE BASED ON MONUMENTATION FOUND ALONG THE NORTH RIGHT-OF-WAY OF WEST OCEAN BOULEVARD SAID NORTH RIGHT-OF-WAY LINE IS ASSUMED TO BEAR S 89°34'50" E.

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THIS SKETCH AND LEGAL DESCRIPTION COMPLIES WITH THE MINIMUM TECHNICAL STANDARDS SET FORTH BY THE FLORIDA BOARD OF PROFESSIONAL SURVEYORS AND MAPPERS IN CHAPTER 5J-17, FLORIDA ADMINISTRATIVE CODE, PURSUANT TO SECTION 5J-17.050 – 17.052.

NOVEMBER 17, 2011
DATE

GREGORY S. FLEMING, P.S.M.
FLORIDA REGISTRATION NO. 4350

THIS IS NOT A BOUNDARY SURVEY

NORTHSTAR GEOMATICS
80 HONORED STREET, SUITE 103
PO BOX 2371, STUART, FLORIDA 34995
(772)781-6400 (772)781-6482 FAX
LICENSED BUSINESS NO. 7217

SKETCH AND DESCRIPTION
LYING IN A PORTION OF SECTION 5,
TOWNSHIP 38 SOUTH, RANGE 41 EAST
CITY OF STUART, MARTIN COUNTY, FLORIDA

SHEET NO. 1
OF 3
PROJECT # 10-014SD

EXHIBIT A pg 2

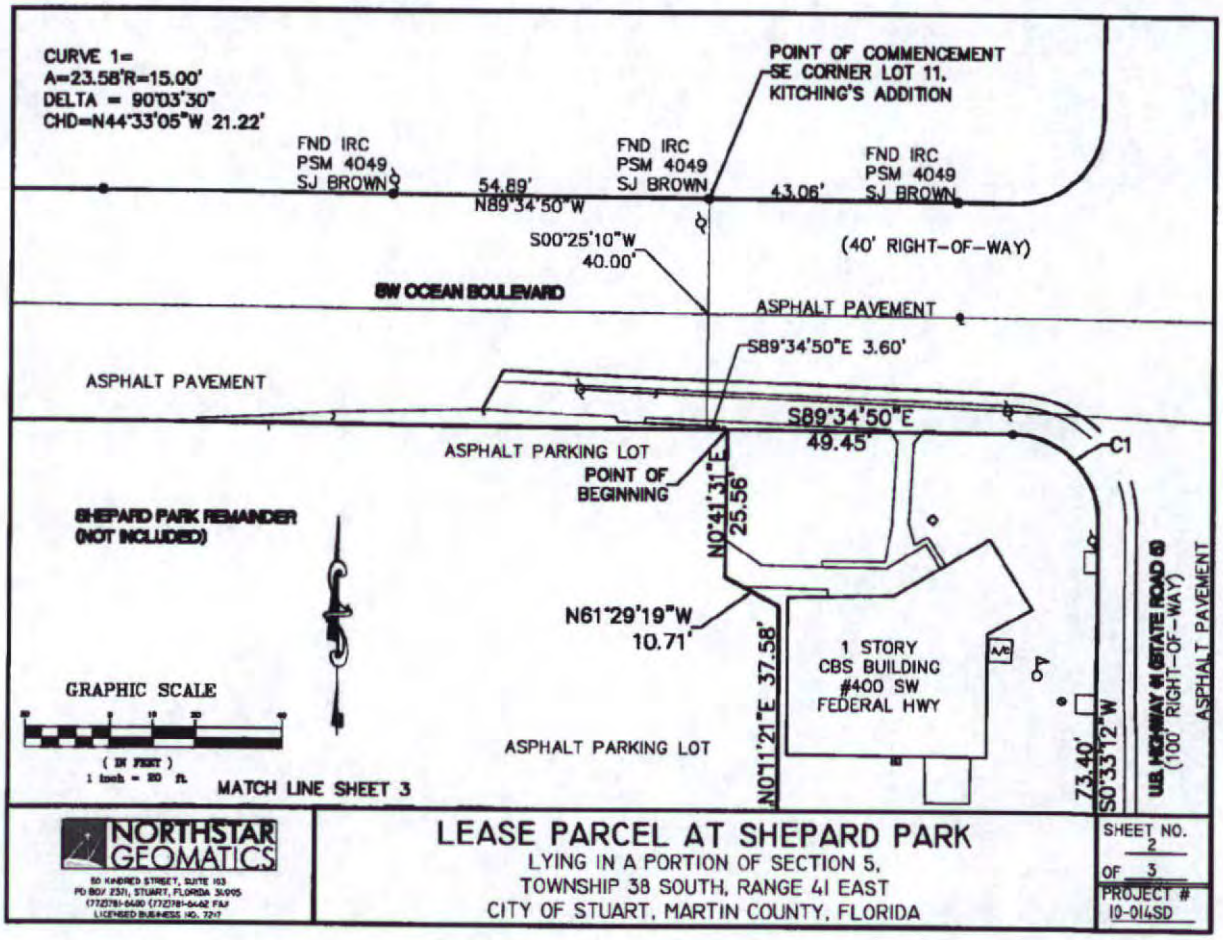
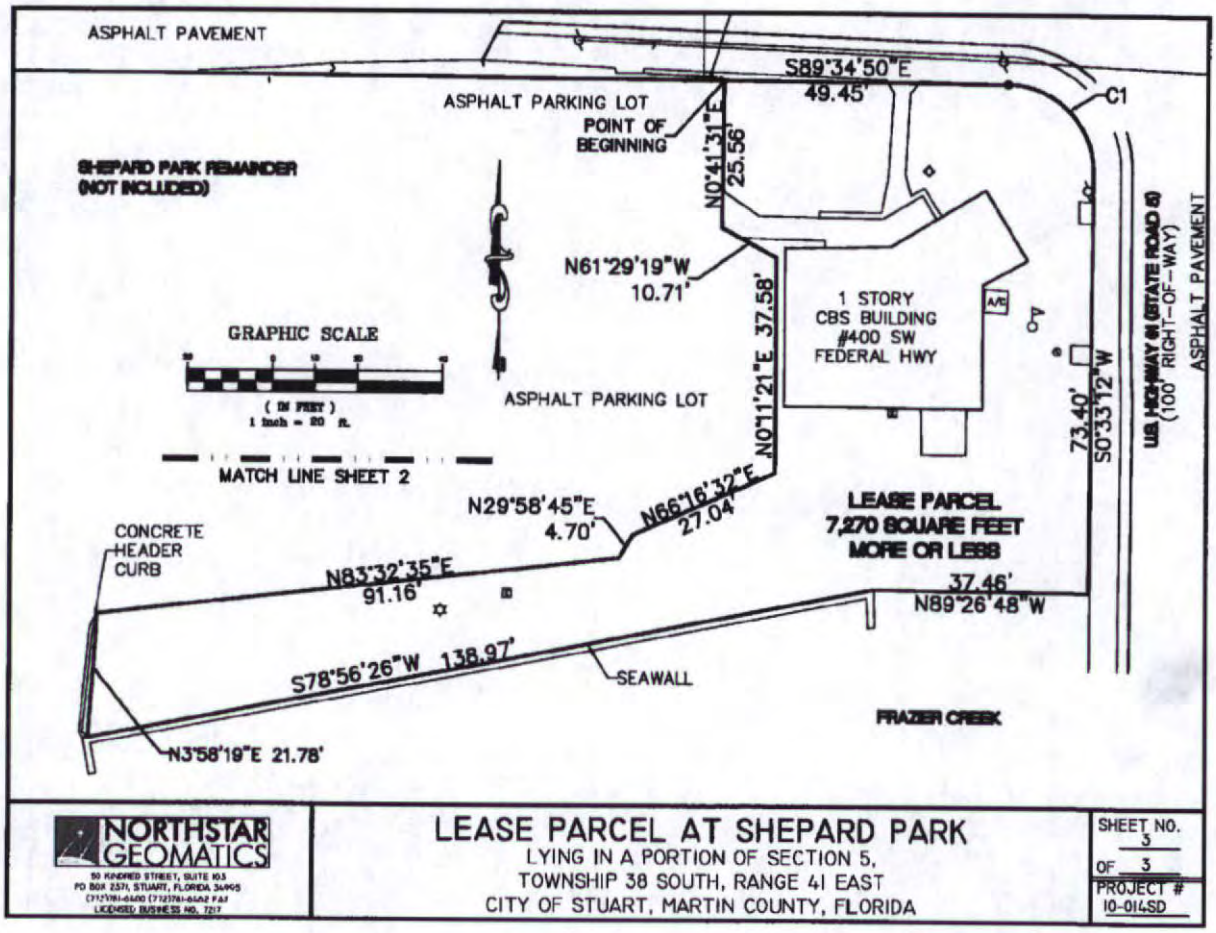


EXHIBIT A pg 3



City of Stuart

121 SW Flagler Avenue • Stuart • Florida 34994
Telephone (772) 288-5306
Fax (772) 288-5305

City Clerk's Office

Cherie White, City Clerk
cwhite@ci.stuart.fl.us

September 25, 2012

Duffield Marine Inc.
2001 West Coast Highway
Newport Beach, CA 92663

RE: Lease Agreement City of Stuart

Dear Duffield Marine Inc.:

Please find enclosed your original above named lease agreement for your files. The City of Stuart greatly appreciates the opportunity to have you as our tenant, and we look forward to seeing your business prosper.

Should you have any questions or need further information, please do not hesitate to call the City Clerk at 772-288-5306.

Respectfully,

Cherie White

Cherie White, MMC City Clerk

Enc.

City of Stuart

121 SW Flagler Avenue • Stuart • Florida 34994
Telephone (772) 288-5306
Fax (772) 288-5305

City Clerk's Office

Cherie White, City Clerk
cwhite@ci.stuart.fl.us

October 23, 2012

Duffield Marine Inc.
2001 West Coast Highway
Newport Beach, CA 92663

RE: Amendment to Agreement Res 96-2012

Please find enclosed your original above named agreements for your files.

Should you have any questions or need further information, please do not hesitate to call the City Clerk at 772-288-5306.

Respectfully,

Cherie White

Cherie White, MMC City Clerk

Enc.