

GROUND LEASE AGREEMENT

Facility/Name/Location:
Westover - Main Office
9415 Hwy 55, Westover, AL 35185-9998

Shelby County
Project: H27047

1. This AGREEMENT, made and entered into on December 27, 1996, by and between Westover Water Authority, hereinafter called "Owner", and the United State Postal Service, hereinafter called "Postal Service", an independent establishment of the Executive Branch of the United States Government, its successors and assigns, in accordance with the terms and conditions described herein and contained in the General Conditions to the U.S. Postal Service Ground Lease, Section A, attached hereto and made a part hereof.

WITNESSETH: The parties hereto for the consideration hereinafter mentioned covenant and agree as follows:

2. The Owner hereby demises and leases to the Postal Service those certain premises hereinafter referred to as the "Demised Premises", and legally described as follows:

An approximate 120' x 150' parcel of land located on Highway 280 in front of the Westover Water Authority Office.

3. TO HAVE AND TO HOLD the Demised Premises, together with the tenements, hereditaments, appurtenances, and easements thereunto belonging, for the base period of 10 years, plus any renewal periods as set forth within this Agreement.

4. This Agreement and all rights and obligations thereunder shall become effective on January 1, ~~1996~~
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5. The Postal Service shall pay the Owner an annual rental for the Demised Premises during the first five years of the base period in the sum of Two Thousand Four Hundred and NO/100 Dollars (\$2,400.00) and during the second five years of the base period in the sum of Three Thousand and NO/100 Dollars (\$3,000.00). One-twelfth of the annual rental shall be payable at the end of each calendar month of each year. Rent for part of a month shall be prorated.

Rent checks shall be disbursed as follows:

payable to: Westover Water Authority
P.O. Box 37
Westover, Alabama 35185

unless the Contracting Officer is notified, in writing, of any change in payee or addressee at least sixty (60) days before the effective date of the change.

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6. So long as no event of default has occurred and is continuing hereunder, the Postal Service shall have the right to renew this Agreement for the following consecutive and successive terms and annual rentals with the first of such renewal terms commencing on the day following the expiration of the base period and with all other terms and conditions of the Agreement to remain the same during said renewal terms, viz:

5 years at \$3,600.00 per year
5 years at \$4,800.00 per year

The renewal option(s) shall be exercised by the Postal Service by giving written notice at least 90 days before the end of the base period or any renewal term thereof. Said notice shall be deemed as given at the time a registered, certified, or Express Mail letter is deposited in the mail to the Owner.

7. Upon request of either party, the other party shall provide complete documentation of such party's legal authority to execute this Agreement.

8. The Owner hereby agrees that upon execution of this Agreement by the Owner, the agents, employees or representatives of the Postal Service shall have the right, subject to the use made of the Demised Premises by the Owner, to enter upon the Demised Premises for the sole purpose of inspecting the same and making test borings, plans and topographical surveys in connection with the Postal Service's contemplated use of the Demised Premises and all other acts necessary or incidental thereto. The Postal Service shall repair any damage to the Demised Premises or adjacent property owned by the Owner which damage arises or occurs during any such inspections or tests.

9. The Owner covenants and warrants that the Postal Service shall quietly have, hold and enjoy the Demised Premises for the base period and all renewals and extensions thereof, if exercised, subject to the terms, covenants, conditions, provisions, and mortgages or other liens against the Demised Premises which are prior in time and in right to this Agreement. The Owner will use reasonable efforts to furnish to the Postal Service an agreement from any existing mortgagee of the Demised Premises stating that if such mortgagee should ever foreclose or otherwise enforce its lien against the Demised Premises, it will recognize the rights of the Postal Service hereunder, so long as the Postal Service (a) is not in default and (b) attorns to the mortgagee or other purchaser at foreclosure.

10. To the extent applicable, the Owner agrees to cooperate and assist in obtaining any permits, licenses or authorizations necessary and incidental to the construction or placement of improvements on the Demised Premises, at the expense of the Postal Service.

11. Subject to paragraph 14 below, the Postal Service shall have the right during the base period and any renewal or extension thereof, to make alterations, attach fixtures and erect additions, structures or signs in or upon the Demised Premises in accordance with local codes and ordinances and consistent with the type of structure described in paragraph 16 below.

12. The Postal Service shall be permitted to record this Agreement in the proper recording office at its sole expense.

13. The Postal Service may not sublet or assign any part of the Demised Premises, including any improvements thereon, without the prior written consent of the Owner, which consent may be withheld for any reason. Any permitted subletting or assignment shall be executed in writing by the sublessee or assignee who shall agree to be bound by and to perform the terms, covenants, and conditions of this Agreement.

14. Improvements, additions and alterations made to the Demised Premises by the Postal Service, its permitted subtenants, or assignees at any time during the base period or any renewal or extension thereof, shall not diminish the value of the Demised Premises. All improvements, additions and alterations shall remain the personal property of the Postal Service, consistent with the terms of this Agreement. The Postal Service shall not be required to demolish or remove such improvements but may do so at its option without any liability to the Owner, within 120 days prior to expiration or termination of this Agreement.

Should the Postal Service select to remove its improvements, additions and alterations from the Demised Premises at the end of the term of this Agreement, the Postal Service shall return the Demised Premises to a condition consistent with good engineering practices. This provision shall not require the replacement of trees, shrubs, ornamental vegetation, or any other improvements that may have existed on the Demised Premises prior to this Agreement.

15. As used herein, the term "friable asbestos material" shall mean any material containing more than 1% asbestos by weight that hand pressure can crumble, pulverize, or reduce to powder when dry. Unless due to the act or negligence of the Postal Service, if contaminated soil, water, underground storage tanks or piping or friable asbestos or any other hazardous/toxic materials or substances as defined by applicable Local, State or Federal law is subsequently identified on the Demised Premises by a local, state or federal regulatory authority, the Postal Service may proportionally abate the rent for any period the Demised Premises, or any part thereof, are reasonably determined by the Postal Service to have been rendered unavailable to it by reason of such condition.

16. It is mutually understood that the Postal Service desires to place a modular building or trailer on the Demised Premises. The

modular building or trailer, all improvements incident thereto, and all fixtures, machinery, and equipment added to the building, shall remain the personal property of the Postal Service and may be removed from the Demised Premises only by the Postal Service, at any time, subject to the terms of this Agreement.

17. The Postal Service as an independent establishment of the Executive Branch of the Government of the United States is self-insured for purposes of potential liability. Under the Federal Tort Claims Act, 28 U.S.C. 2671-2680, the Postal Service may consider and settle any claim for money damages for injury or loss of property or personal injury or death based on the wrongful act or negligence of its employees acting within the scope of their employment to the same extent that a private person would be liable in accordance with the law of the place where the negligent or wrongful act or omission occurred. The procedures for filing a claim under the Federal Tort Claims Act with the Postal Service are found under 39 C.F.R. 912.

18. In the event the Postal Service shall fail to pay the monthly rent as provided herein upon thirty (30) days' written notice from the Owner, or fail to perform any of its other obligations hereunder upon ninety (90) days' written notice from the Owner, such default, at the option of the Owner, shall work as a forfeiture of this Agreement, or the Owner may enforce performance in any manner provided by law, and the Owner's agent or attorney shall have the right without further notice or demand to re-enter and remove all persons from the Demised Premises without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or breach of covenant, or Owner's agent or attorney may resume possession of the Demised Premises and relet the same for the remainder of the term at the best rental such agent or attorney can obtain for the account of the Postal Service, who shall pay any deficiency. The Owner shall have a lien as security for such rental upon the fixtures and equipment belonging to the Postal Service which are on the Demised Premises.

19. The Postal Service agrees to pay all taxes and other assessments levied upon its personal property, including trade fixtures and inventory, kept at the Demised Premises. The Owner shall pay all real estate ad valorem taxes levied against the Demised Premises during the term of this Agreement.

20. The Postal Service agrees to pay all charges for gas, electricity, water and other utilities used by the Postal Service at the Demised Premises.

21. If the Demised Premises are taken under the power of eminent domain or conveyed under threat of condemnation proceedings, or if only a part of the Demised Premises are so taken or conveyed and the remainder of the Demised Premises is inadequate or unsatisfactory for the Postal Service's purposes, which determination shall not be arbitrarily or capriciously made, then in either event, this Agreement shall terminate effective as of the

date the Postal Service is required to give up the right to occupy of use any part of the Demised Premises. All awards or proceeds received as a result of such a taking or conveyance shall be retained by the Owner. If this Agreement is not terminated as provided herein, the Postal Service and the Owner shall agree upon a rental reduction within sixty (60) days from the date of the final award or payment for the part of the Demised Premises so taken or conveyed. If they cannot so agree, the parties shall each choose one arbitrator and the two arbitrators so chosen shall select a third arbitrator. The decision of any two of the arbitrators as to rental reduction, if any, shall be binding on the parties, and any expense of arbitration shall be divided equally between the Postal Service and the Owner.

22. The terms and provisions of this Agreement and the conditions herein are binding on the Owner and the Postal Service, and their respective successors and assigns.

23. All of the site preparation and construction of improvements at the Demised Premises shall be the sole responsibility of the Postal Service.

24. The undersigned has completed and attached hereto Representations and Certifications.

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