

LEASE AGREEMENT

THIS LEASE AGREEMENT (“Lease”), made this ____ day of June, 2018, (with an effective date being the day and month delivered to Lessee herein, (“Effective Date”)), by and between The Charlotte Mecklenburg Historic Landmarks Commission, (“HLC”), a commission established pursuant to NCGS §160A-400.7, having its principal office at 2100 Randolph Road, Charlotte, North Carolina, 28207 (hereafter called “Lessor” or “HLC”) and Lakewood Trolley, Inc., a non-profit, North Carolina corporation (hereafter called “Lessee” or “LTI”).

Whereas, Lessor is the owner of an original Charlotte Streetcar #85 (“Streetcar”), which has been designated a historic landmark and Lessor is in the process of acquiring an attaching cart and generator for said Streetcar (all described as “Property”). The Property is further described on Exhibit A attached hereto; and

Whereas, Lessee intends to restore a 1.25-mile section of old trolley track to operate in Charlotte’s Historic West End, from Third Ward to Savona Mill in the Wesley Heights and Seversville neighborhoods; and

Whereas, the parties agree that the Streetcar and its equipment should operate on the restored tracks of the Lessee.

Wherefore in exchange for good and valuable considerations, receipt and adequacy of which are hereby acknowledged, the parties agree to the following terms and conditions:

1. Term of Agreement: The term of this Lease (the “Term”) is for Ten (10) years with two (2) 5-year options to renew. Lessee shall have the right to extend the Term of the Lease in accordance with the following:
 - (a) Lessee shall exercise such right to extend by written notice to Lessor, not less than four (4) months nor more than six (6) months prior to the expiration of the then current Term.
 - (b) Such extended Term shall be subject to the same terms, covenants and conditions as the original terms of the Lease. Notwithstanding anything contained in this Paragraph, the parties shall have the right to terminate this Lease as set forth in Paragraph 10.

Lessor shall use commercially reasonable efforts to deliver the Property to Lessee as soon as possible. Throughout the Term of the Lease, the HLC will have approval rights on all facilities that house the Property.

2. Base Rent: Throughout the Term, and any extension thereof, base rent for the Property shall be the minimum amount allowed under Lessor’s by-laws and/or local statute, estimated to be \$1/year.
3. Property Condition: Lessor shall deliver the Property to Lessee in its “AS IS” condition. Lessor acknowledges light repairs are needed to the Streetcar controllers and on the damaged front end of the Streetcar. The North Carolina Transportation Museum, the current location of the Property, has committed to making those repairs. The HLC shall make those repairs. Except for the repairs to be performed by HLC or Lessor as provided herein, Lessee will maintain the Property in good operating condition.

4. Storage by Lessee: The Property will be stored in that certain building located at 2426 Chamberlain Ave, in Charlotte, NC, consisting of approximately 6,800 square feet, as shown on Exhibit B attached hereto. The Property will be stored in the building while necessary repairs are made to the former P&N tracks, on which the Property will operate, and a new barn is constructed for the project on the Savona Mill site. The building is equipped with an operating sprinkler system in the event of fire. The building shall have a track whereby the Property can be moved back and forth.

Prior to delivery of the Streetcar, Lessee shall cause the installation of a security system, including motion detection sensors and cameras that are electronically monitored 24 hours per day. Storage facilities must meet requirements in Exhibit C attached hereto.

For the avoidance of doubt, it is acknowledged that Lessee does not own the real property where the Property will be stored and operated, but Lessee shall use good faith, commercially reasonable efforts to cause the owner(s) of such real property to provide the tracks (including necessary repairs thereto) and storage facilities for the Property in accordance with this Lease. Lessee shall have no obligation under this Lease to incur any construction or repair costs related to any such real property improvements.

Lessee shall assume all liability for any and all damage to the Property while in the Lessee's possession from the Effective Date until this Lease is terminated and the Property delivered back to the Lessor, including when Property is in storage.

5. Transportation: Lessor will pay Ten Thousand Three Hundred and 00/100 Dollars (\$10,300.00) for the cost of relocating the Property from its current location to Lessee. Upon the expiration of the Term or earlier termination of this Lease, Lessor shall be responsible for the removal and transportation of the Property.

6. Moving & Property Improvements: Lessor shall have repair work performed on the Streetcar controllers and the damaged front end of the Streetcar and Lessee shall allow Lessor and its agents access to the Streetcar to perform such repairs at all reasonable times and upon reasonable notice to Lessee. Lessor shall provide an allowance of Nineteen Thousand Seven Hundred and 00/100 Dollars (\$19,700.00) towards Lessee purchasing and paying the following expenses (collectively, the "Property Improvement Costs"):

- (a) A customized generator and cart sufficient to operate the Streetcar on the proposed 1.25-mile route (to be provided at the time the Streetcar is ready for service on the P&N line); and
- (b) GOMACO representative's time and travel to Charlotte and parts to prepare the Streetcar for operation.

The \$19,700.00 allowance set forth above is contingent upon Mecklenburg County approval of such funds. The customized generator and cart upon purchase shall become part of the Property and owned by Lessor. Notwithstanding anything herein to the contrary, Lessee shall have no obligation to pay any Property Improvement Costs unless and to the extent that such allowance is made available to Lessee for such purpose.

7. Maintenance and Repair: Except for the repairs to be performed by HLC or Lessor as provided herein, Lessee shall be responsible for all maintenance and repair of the Property while Lessee is in possession of the Property. Lessee shall follow the in-place and operating maintenance programs

provided by Lessor's consultant and described in Exhibit D attached hereto. Lessee shall not allow or cause any lien to be placed upon the Property by reason of Lessee's acts or omissions or because of a claim against Lessee or any contractor or subcontractor of Lessee. If any such lien or claim of lien shall at any time be filed against the Property, Lessee shall cause the lien or claim of lien to be cancelled and discharged off record by bond or otherwise within thirty (30) days after receipt of notice from Lessor. If Lessee shall fail to cause such lien or claim of lien to be so discharged or bonded within such period, Lessee shall be in default hereunder, and, in addition to any other right or remedy it may have, the Lessor may, but shall not be obligated to, discharge the same by paying the amount claimed to be due or by procuring the discharge of such lien or claim by deposit in court or bonding. Lessee shall pay on demand any sum so paid by Lessor for the aforesaid purposes with interest as hereinafter provided and all costs and expenses incurred by Lessor including, but not limited to attorney's fees in processing such discharge or in defending any action concerning the lien or claim.

8. Casualty and Insurance: Lessee shall carry property and casualty insurance on the Property in an amount of \$600,000. Additionally, Lessee shall carry liability insurance as follows:

a. While in storage and not being operated - \$1,000,000.00 Dollars per claim/\$2,000,000.00 cumulative claims; and,

b. Once the Property becomes operational as a trolley - \$1,000,000.00 Dollars per claim/\$2,000,000.00 cumulative claims plus a \$5,000,000.00 umbrella policy.

9. Liability and Indemnity: Lessee shall assume liability for the injury, disability, or death of any employee(s) or other person(s) caused by the operation, handling, or the transportation of Property while in the possession of Lessee, and Lessee shall save, defend, and indemnify Lessor against any and all such liabilities, claims or actions, including legal fees, arising from such liability, claim or action. Lessee's liability and indemnity obligations under this Paragraph 9 shall exclude any injury, disability, death, liabilities, claims or actions (i) if caused by any acts or omissions on the part of Lessor, its agents, contractors or employees or (ii) occurring or arising at any time prior to the delivery of the Property to Lessee or after Lessor's removal of the Property from Lessee's possession (collectively, "Lessor Liabilities"). Lessor shall assume liability for all such Lessor Liabilities and shall save, defend and indemnify Lessee against all such Lessor Liabilities.

10. Termination: Lessee has delivered to Lessor a copy of Lessee's operating plan, which demonstrates viability of a trolley excursion operating three (3) days per week. Lessee may, but shall not be obligated to, use the Property to operate trolley service as many days per week as it deems viable. Once Property is in operation, Streetcar shall run one day per week at a minimum. In the event Lessee does not commence regular trolley service within Eighteen (18) months from the date of delivery of the Streetcar to Lessee, then Lessor may deliver written notice of the same to Lessee. If Lessee does not commence regular trolley service within thirty (30) days after the delivery of such notice, then Lessor shall have the right to terminate the Lease by delivering a written termination notice to Lessee. After the Streetcar is put in operation, if the Streetcar is not in operation for a continuous period of one hundred eighty (180) days, Lessor may deliver written notice of the same to Lessee. If Lessee does not commence regular trolley service within thirty (30) days after the delivery of such notice, then Lessor shall have the right to terminate the Lease by delivering a written termination notice to Lessee. Upon termination of this Lease for any reason, Lessor and its agents shall be granted full and complete access to Property to arrange for its removal from Lessee's custody.

Lessee shall provide to Lessor semi-annual reports (for six month periods ending June 30 and December 31 of each year) on the operation of the Property. Lessee shall have Forty- Five days after

each semi-annual date to provide the required reports to Lessor. Such reports shall include number of passengers, number of trips, total mileage travelled, any maintenance performed, a statement that Lessee is in compliance with terms of lease, an operating statement showing income and expenses in a form and in detail satisfactory to the Lessor and any other information required by the Lessor as it relates to use of the Streetcar by the Lessee.

Lessee may terminate the Lease at any time with thirty (30) days written notice to Lessor and Lessee pays to Lessor \$12,000.00 as liquidated and agreed upon damages which Lessor shall be deemed to have sustained and suffered as a result of such termination. The provisions herein contained for liquidated and agreed upon damages are bona fide provisions for such and are not a penalty, the parties understanding and agreeing that Lessor will have sustained damages if a termination occurs, which damages will be substantial but will not be capable of determination with mathematical precision and, therefore, the provision for liquidated and agreed upon damages has been incorporated in this Lease, as a provision beneficial to both parties

11. Preservation and Restoration of Property. Lessee agrees to preserve the Property because of its historical significance and not to alter the Property or its features without first applying for and obtaining a Certificate of Appropriateness from the HLC as provided in the North Carolina General Statutes. The Lessee further agrees to use the Property as it has been historically used. Lessor shall the absolute right to determine Lessee’s compliance with this Paragraph 11.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officers or principals as identified below:

For LESSOR:

For LESSEE:

Charlotte Mecklenburg Historic Landmarks
Commission

Lakewood Trolley, Inc.

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

EXHIBIT A

DESCRIPTION OF PROPERTY

1. Streetcar No. 85 owned by the Charlotte Mecklenburg Historic Landmarks Commission
2. One cart attached to Streetcar No 85 to carry #3 below
3. Generator for Streetcar No. 85

The property will consist primarily of Streetcar 85. Originally constructed by the Purley Thomas Company of High Point, N.C, the Streetcar was completed by Southern Public Utility Company in the 1920's. It operated on the streets of Charlotte until 1938. The Charlotte-Mecklenburg Historic Landmarks Commission discovered the streetcar in the 1980s, restored it, and placed it into service between South End of Uptown Charlotte in the mid-1990s.

Physical characters of Streetcar 85

Length: 38', 3"

Width: 7', 6 1/2 "

Height: 14', 2"

Weight: 33,000 lbs.

A cart and generator will be obtained to provide electric power to the traction motors used to propel the streetcar on the track. The size and characteristics of these items is yet to be determined.

The building will contain 80' feet of temporary track that will be installed on which to place the streetcar.

There is sufficient power in the building to allow demonstration runs of the streetcar to occur and to perform routine maintenance.

EXHIBIT B

Storage Facility

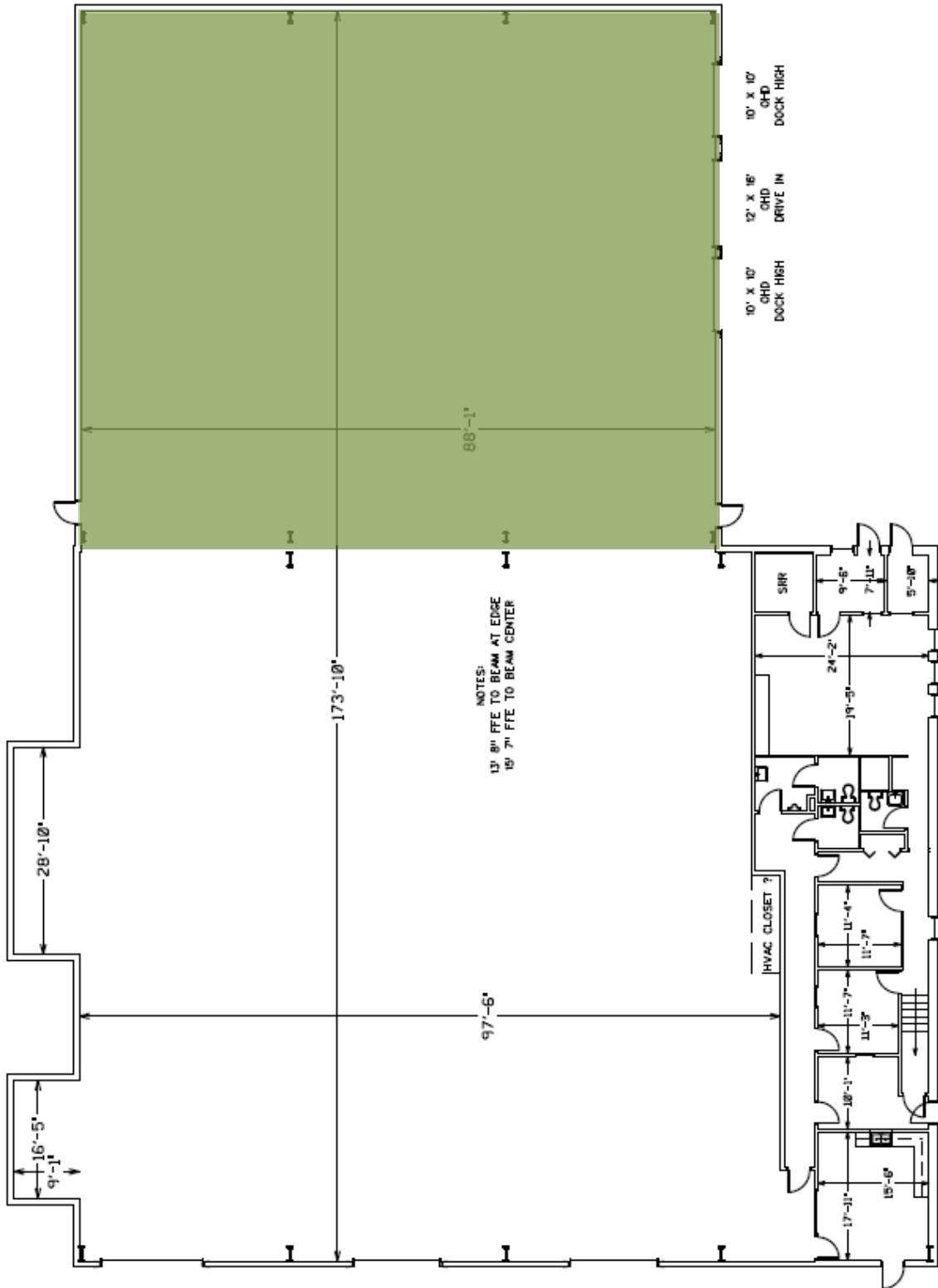


EXHIBIT B-1

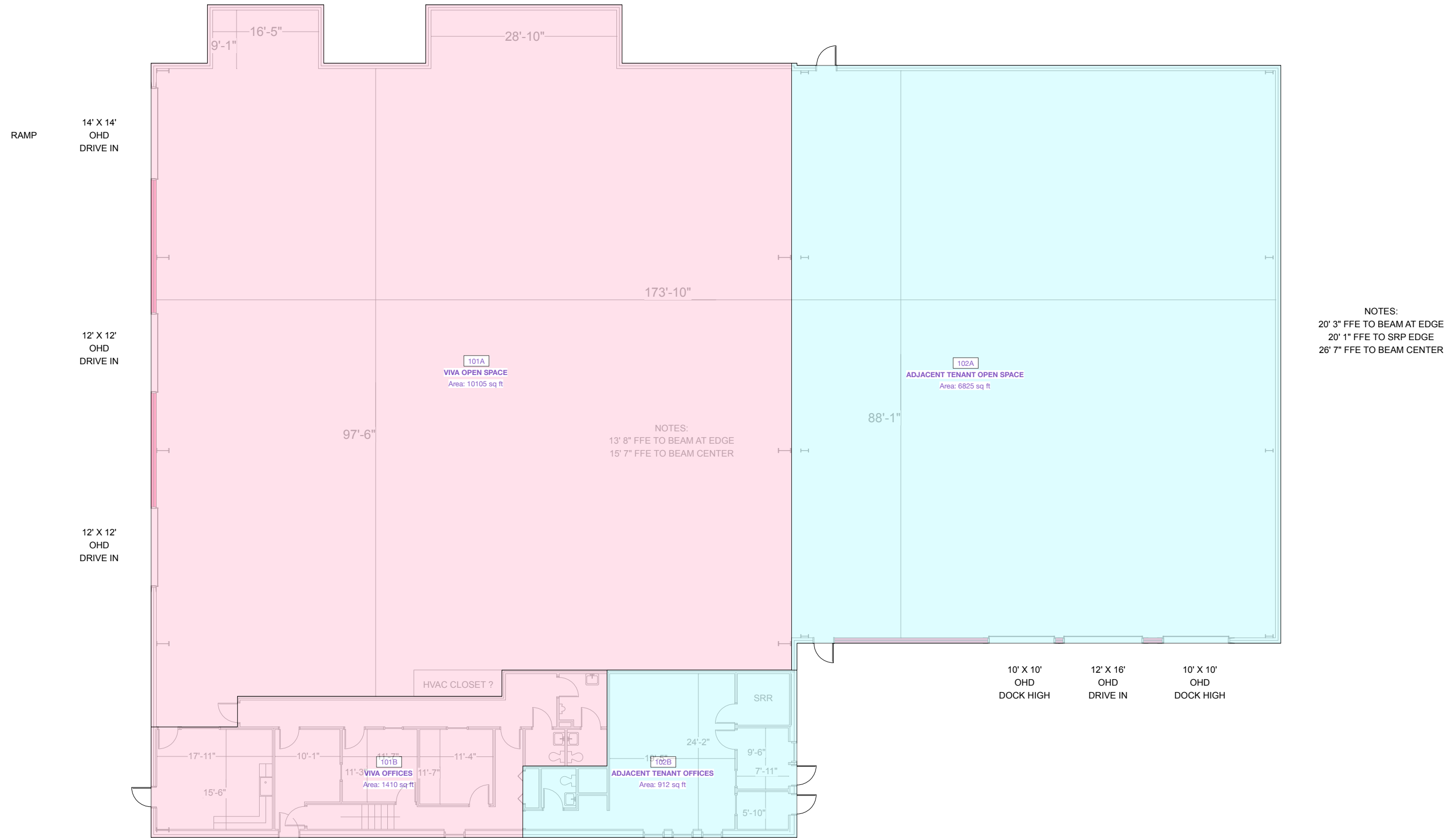


EXHIBIT C

STORAGE FACILITY REQUIREMENTS

- Building must be secure with working entrance/exit doors and garage doors.
- Building sprinkler system must be maintained and regularly inspected per NC Code.
- Electricity and lighting must be kept in good and working order.
- Roof must be maintained.
- Lessee shall cause to have installed a third party, monitored security system, with cameras and motion detectors, throughout the Term.

The building has ample, dry, unobstructed space, with sufficient lighting and power to provide an excellent working environment for maintenance and storage of the streetcar. The floor is level and dry. The building has a sprinkler system, security cameras, and an alarm system with a control keypad. A second tenant will occupy part of the building, which will strengthen overall security.

Access to the building is adequate for ingress and egress of the streetcar. There is a loading ramp, loading dock, and two large roll-up doors. Finally, there are bathrooms in the building.

EXHIBIT D

MAINTENANCE PROGRAMS

Regular inspection of the Streetcar to assure operational integrity.

On-going pest control.

Monthly Test Operation of Streetcar on temporary track in the building.

Operational Maintenance

The specific details of operation maintenance will be determined once the nature and frequency of the trolley operations becomes available. These details, when available, will be provided to the Charlotte Mecklenburg Historic Landmarks Commission for its review and approval.