

## LEASE AGREEMENT

This Agreement, made this <sup>25<sup>th</sup></sup> day of September, 2019, between the City of Osceola, Arkansas, (hereinafter referred to as "Lessor"), whose principal place of business is 303 West Hale Avenue, PO Box 443, Osceola, AR, 72370, and Pleasant Grove Investments, LLC, an Arkansas Limited Liability Company authorized to do business in the State of Arkansas (hereinafter referred to as "Lessee"), whose principal place of business is PO Box 3092, Jonesboro, AR, 72403, WITNESSETH:

1. Premises. The Lessor hereby agrees to lease and the Lessee hereby agrees to rent the following described real property in the Osceola District of Mississippi County, Arkansas, for the price, on the terms, and subject to the conditions set forth hereinafter:

The Osceola Industries buildings, formerly and more commonly known as the Fruit of the Loom buildings, located at 1425 Ohlendorf Road, Osceola, Arkansas, less and except the administrative offices which are identified on the AEDC drawing as area 9, and those areas identified in the Phase 1 Environmental Site Assessment, which Lessee hereby acknowledges having read and understood and hereby agrees shall not be disturbed.

2. Earnest Money and Rent. Upon the execution of this agreement, Lessee hereby agrees to pay the sum of Thirty Thousand Dollars (\$30,000.00) as earnest money to be held by Lessor until Lessee pays the first month's rent. Thereafter, Lessee agrees to pay Lessor the sum of Fifteen Thousand Dollars (\$15,000.00) per month beginning on or before February 1, 2020, or as soon as any sub-tenant shall occupy the premises, whichever first occurs, and continuing thereafter on the first day of each month for sixty (60) months from the date of the payment of the first month's rent. Upon payment by the Lessee of the first month's rent, Lessor shall repay Lessee the earnest money being held by Lessor.

3. Access To Premises. Upon the execution of this agreement and payment by Lessee of the earnest money, Lessee shall have the right of use and possession of the property via the front and side gates for the purpose of readying the property for prospective tenants, from the date of the execution of this agreement until such time as the Lessee should default. Upon a default by the Lessee, Lessor shall have the right to immediate possession and use, and Lessee shall immediately quit and deliver same over to Lessor.

4. Sale of Property. Lessee hereby expressly agrees and Lessor will, before March 1, 2020, advertise the property for sale for competitive bidding, with a minimum sales price of Two Million Dollars (\$2,000,000.00), and subject to this lease.

5. Facility Preparation/Maintenance. Lessee shall maintain all areas being occupied in such manner as described hereinbelow:

a. Lessee shall repair damage to and maintain to all exterior walls and roof to make the leased premises weather tight and secure. Lessee shall further be responsible for removing any existing bird infestation once the exterior walls are secure.

b. Lessee shall clean up the interior warehouse spaces including floors and walls. Lessee specifically agrees to sweep and wash the floors of accumulated soil and bird droppings. Lessee shall be responsible for on-going maintenance.

c. Lessee further agrees that the existing dock doors and personnel doors shall be in an operable condition and lock adequately. Lessee shall ensure that the existing mechanical dock plates function correctly.

d. Lessee shall maintain the gas heaters in operable condition.

e. Lessee shall make the air circulation fans serviceable on the exterior warehouse walls for cooling and air circulation. The fans shall be screened to prevent birds from entering the space.

f. The Lessee shall ensure the existing electric lighting units are functional and replace the bulbs and lighting units that become inoperable. Lessee may update existing lighting units. Lessee shall be responsible for maintenance of the building electrical system.

g. Lessee shall be responsible at Lessee's sole expense for installing and maintaining any swinging trailer lights, trailer fans or trailer door seals. Lessee shall have the right to remove Lessee installed equipment of this type upon termination of this lease.

h. Lessee shall be responsible for performing any floor markings as required by Lessee. Lessee shall also be responsible for removing any floor markings upon termination of this lease agreement.

i. Lessee shall maintain a working sprinkler system to be at the pressure provided by the city mains. If higher working pressure is required by Lessee, then Lessee shall pay for and install any booster pumps required. Upon termination, Lessee shall have the option to remove any Lessee installed pumps at Lessee's expense and shall return all systems to the same configuration prior to the installation of any pump. Lessee shall verify sprinkler density and pressure requirements with insurance carriers.

j. Lessee shall install and pay for any costs associated with a centrally monitored burglar and fire alarm system to Lessee's specifications.

k. Lessee shall provide adequate shipping office and restroom facilities in any area being occupied. Lessee shall provide adequate lighting fixtures and electrical service in any office space being occupied.

l. Lessee shall provide air conditioning and heating equipment for maintaining the temperature in any office area being occupied.

m. Lessee shall be responsible for the costs of installation of any powered shipping dock levers equipped with "dock locks" that secure trailers positioned for loading and unloading. Lessee shall be responsible for the cost of the equipment and for the cost of the installation. Lessee shall be allowed to remove these items from leased premises at the termination of the lease as long as the Lessee places the leased premises in the same or similar condition as before the installation of the equipment. All costs associated with this item shall be borne by the Lessee.

n. Lessee shall be responsible for maintaining outside scales and scale house.

o. Lessee shall be responsible for maintaining the guardhouse and its restroom.

p. Lessee shall be responsible for maintaining the chain link fence enclosing the rented buildings. Lessee shall be responsible for upkeep of grass and trees.

q. Lessee shall repair interior walls damaged by forklifts or other equipment.

6. Lessor Right to Inspect. Lessor shall have the right to enter the premises at any and all reasonable times upon reasonable notice, whether verbal or written, to inspect and confirm that the terms and conditions of this lease are being complied with.

7. Signs. Lessee shall not erect or install any exterior signs or advertisement of any kind without prior written consent of Lessor. Lessee agrees not to utilize any of advertising that may or shall be deemed objectionable to Lessor or to the general public, including but limited to loudspeakers, phonograph or related electrical equipment, radios, or similar devices which will be operated in such a manner as to project sound outside of the leased premises.

8. Taxes. Lessor shall pay any and all ad valorem taxes and special improvements district taxes levied and assessed against the premises and the improvements located thereon during the term of this lease.

9. Use. Lessee agrees to use the leased premises for the purpose of operating a warehousing facility and light assembly, and as an administrative office, and for no other purpose without the written consent of Lessor having been obtained in advance.

10. Utilities. Lessee shall ensure that all utilities, including but not limited to water sewer, sanitation, mosquito control are paid in the month that they are due.

11. Assignment. Lessee shall not assign this lease or sublet the leased premises without prior written notification to Lessor which is not specifically provided for herein.

12. Specific Sublease. Lessee hereby expressly agrees that Lessee shall reserve 100,000 square feet for the purpose of entering into a sublease between Lessee and Sub-lessee Osceola Recycling at the rental rate of Fifteen Cents (\$0.15) per square foot per month for a period of Ten (10) years; that during the term of that lease, said rental paid by Osceola Recycling shall be paid over to Lessee. Should Lessee ultimately obtain title through a sale of said property, Lessee shall

assume the role as Lessor in said lease, with regard to the Potential Buyer, and said purchase shall be subject to said 10 year lease. Lessee shall be released from this obligation and/or covenant if the specific Sub-lessee fails to enter into said sublease agreement by December 31, 2019 or the date that Lessee begins paying rent, if later.

13. Lessee's Default. If Lessee shall be in default as to the payment of rent for a period of thirty (30) days, or as to any other covenant herein provided for more than thirty (30) days after receipt of notice from Lessor specifying such default, or if any petition be filed in bankruptcy, including petitions for arrangements and reorganizations, by or against Lessee and such petition be not dismissed within thirty (30) days after its filing, or if a receiver or trustee be appointed for Lessee by reason of Lessee's insolvency or inability to pay its creditors, Lessor shall have the right, without limitation upon any other rights which may be given Lessor by law or by any other provision of this lease agreement, to re-enter the leased premises and relet the same as agent for Lessee upon the best terms and conditions reasonably obtainable, and Lessee shall be liable to Lessor for the difference, if any, between rent so obtained and the minimum rent stipulated to be paid in this lease. Lessee agrees that in such event it will vacate the leased premises without further notice, and if it becomes necessary to bring any legal action to recover possession, Lessee agrees to pay a reasonable fee for the attorney of Lessor in such action.

14. Non-Waiver. It is agreed that the failure of Lessor to invoke any of the available remedies under this lease or under law in the event of one of more breaches or defaults by Lessee under the lease shall not be construed as a waiver of such provisions and conditions and shall not prevent Lessor from invoking such remedies in the event of any future breach or default.

15. Holdover. Lessee hereby agrees that upon the termination of this lease by expiration or by earlier termination for any reason whatsoever, Lessee will peaceably deliver possession of the leased premises to Lessor. In the event Lessee shall be permitted by Lessor to hold over after the expiration or termination of this lease, or any extension thereof, such holding over in the absence of any written agreement to the contrary shall be construed as a tenancy from calendar month to calendar month at a monthly rental equal to the rental for the last month paid under this lease. A month-to-month tenancy arising by Lessee's holding over under this paragraph may be terminated by written notice from either party to the other party on or before the day on which any monthly rent is due with termination not becoming effective until the day on which the next following monthly rental would have otherwise become due. In the event it should become necessary for Lessor to institute any action at law to recover possession at the time of termination, whenever and however termination may occur, Lessee agrees that it will pay all costs and expenses of such action, including reasonable attorney's fees.

16. Casualty. If at any time the leased premises, or the building which forms the principal component of the leased premises, should be damaged by fire, or other major casualty not the fault of Lessee, and the cost of repairing the damage does not exceed twenty percent (20%) of the value of the improvements of the premises herein leased, or the building which forms the principle component part of the leased premises, then the Lessor shall as soon as reasonably practicable repair the damage caused by fire or other casualty. If, however, the damage should exceed twenty percent (20%) of the value of the improvements of the premises herein leased, or the building which forms the principle component part of the leased premises, then Lessor shall the option of

either repairing the premises as set out above or terminating this lease as of the date of the fire or other casualty by notice to Lessee within thirty (30) days after such date. If the damage should render the leased premises untenable for the use of Lessee's business as set forth herein, the rental from the date of the fire, or other major casualty not the fault of Lessee, to the date of the completion of the restoration of the premises shall be abated, such abatement being figured on a pro rata basis of the rentals, herein provided.

17. Condemnation. In the event all of the leased premises, or such part thereof as renders the leased premises unsuitable for use in the activity or business of the Lessee, shall be acquired or taken by eminent domain for any public or quasipublic purpose, then the term of this lease shall cease and terminate as of the date of taking.

In the event that partial taking does not render the leased premises unsuitable for use in the activity or business of the Lessee, this lease shall continue in full force and effect with a reduction in the rent proportionate to the amount of usefulness or necessity of the leased premises actually taken.

All damages awarded as a result of any taking, except such damages as are herein defined as Lessee's damages, shall be awarded to Lessor. Lessee shall be entitled to receive all damages which are compensation for damages to the leasehold estate and for removal of Lessee's business, fixtures, furniture and equipment. Lessee's right to damages shall be a right against the taking authority alone, and Lessee shall not be entitled to recover damages from Lessor.

18. Property Casualty Insurance. Lessor shall maintain property casualty insurance on the leased property.

19. Liability Insurance. Lessee shall, during the term of this lease, maintain commercial general liability insurance on the leased premises and on the business operated by the Lessee. The limits of such commercial general liability insurance shall not be less than \$1 million per person, \$1 million per accident, \$1 million for property damage. A certificate of such insurance, including evidence of Lessee's broad form endorsement for Additional Insured naming Lessor, shall be delivered to Lessor prior to the inception of this lease evidencing this commercial general liability insurance coverage. Lessee shall indemnify and hold harmless the Lessor for any and all claims for personal injury and/or property damage.

20. Personal Property Insurance and Assumption of Risk. Lessee shall be solely responsible for maintaining insurance on its property, or any sub-lessee's property, including but not limited to movables, trade fixtures, furniture, furnishings and inventory. Lessee shall indemnify and hold harmless Lessor from any and all claims arising out of the loss or damage to said personal property. All personal property brought into the Premises shall be at the risk of the Lessee only and Lessor shall not be liable for theft thereof or any damage thereto occasioned by any acts of sublessees, or other occupants of the building, or any other person, except, with respect to damage to the premises to the extent caused by the negligent or willful act of the Lessor. Lessee has the option to purchase and maintain renter's insurance covering any loss of their personal property by fire or other hazard. Lessee hereby expressly assumes any and all risk and liability for, and fully release Lessor from and against any damage to Lessee's or sublessee's personal property arising from any loss as a result of fire or other hazard. Lessor assumes all risk and liability for, and fully releases Lessee from and

against, any damage to Lessee's or sublessee's personal property, or injury to Lessees or sublessees, invitees or vendors arising from natural hazard, or any other natural hazard affecting the personal property, including, but not limited to, earthquake and brushfire.

21. Compliance with Laws. Lessee agrees not violate any law, ordinance, rule or regulation of any governmental authority having jurisdiction of the leased premises and, if required solely by reason of Lessee's type of business, to make nonstructural repairs, improvements and alterations to the interior of the building on the leased premises and common areas required by such authority.

22. Trash. All trash and refuse deposited outside the building must be placed in sufficient receptacles furnished by Lessee.

23. Succession. This lease agreement shall enure to the benefit of and be binding upon the parties hereto and respective heirs, successors and/or assigns. Lessee's heirs-at-law may assume all of this lease's terms, conditions and all rights and obligations of this lease.

24. Waste. Lessee agrees not to commit waste, nor permit waste to result or to be done to or upon the property and premises.

25. Prohibited Operations. Lessee is hereby expressly prohibited from conducting or allowing to be conducted, any business thereon or therein, nor storing or permitting to be stored thereon or therein, any explosives, combustible substances (LP gas for operation of lift trucks excluded), or materials of any nature, which would increase the fire hazard or cause a premium to be charged for insurance higher than that charged for the present use of such property; and not to operate, nor permit to be operated, nor exist thereon or therein, any public or private nuisance. Lessee is hereby strictly prohibited from subletting to a tenant in the "sin business" or a tenant who Lessor feels poses a hazardous risk to or environmental burden on the property.

26. Option to Renew. If on or before midnight of June 30, 2024, Lessee shall notify Lessor of his election to exercise the option hereby granted by ordinary mail, postmarked prior to the deadline indicated and addressed to the Lessor at the address provided hereinbelow, a contract shall thereupon result in which the Lessor agrees to lease and the Lessee agrees to rent the above-described property for an additional sixty (60) months, for a price to be determined based upon a cost of living adjustment and the then-existing rate of inflation, and subject to the conditions herein set forth. In the event that notice in accordance with the terms hereof of the election by the Lessee to exercise the option herein granted is not given within the time indicated, this option shall at once cease and terminate and the Lessee shall have no further rights hereunder. Should this option be exercised and a price agreed upon, then prior to the expiration of 90 before the end of the second sixty-month lease, Lessee shall have the same option to renew under the same terms and conditions with the price to be negotiated taking into consideration a cost of living adjustment and then-existing rate of inflation for an additional sixty (60) months. Failure to exercise the second option within the time period and manner of notice shall terminate this remaining option.

27. Severability. Each paragraph of this lease agreement is severable from all other paragraphs. In the event any court of competent jurisdiction determines that any paragraph or

subparagraph is invalid or unenforceable for any reason, all remaining paragraphs and subparagraphs will remain in full force and effect.

28. Interpretation. This lease agreement shall be interpreted according to and enforced under the laws of the State of Arkansas.

29. Entire Agreement. This lease agreement contains the entire agreement of both parties hereto, and no other oral or written agreement shall be binding on the parties hereto. This lease agreement supersedes all prior agreements, contracts and understandings of any kind between the parties relating to the subject matter hereof. This agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

30. Notice. All notices, requests, demands and other communications required by or permitted hereunder shall be in writing and shall be deemed to have been duly given when received by the party to whom directed; provided, however, that notice shall be conclusively deemed given at the time of its deposit in the United States Mail when sent by certified mail, postage prepaid, to the other party at the following addresses as shall be given in writing by either party to the other, and or via email:

City of Osceola, Arkansas  
Attn: Mayor Sally Wilson  
303 West Hale Avenue  
P. O. Box 443  
Osceola, AR 72370  
email: sallylongowilson@yahoo.com

Pleasant Grove Investments, LLC  
Attn: Danny Wallis  
P. O. Box 3092  
Jonesboro, AR 72403  
drwomci@yahoo.com

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals this 25<sup>th</sup> day of September, 2019.

City of Osceola  
303 W. Hale Avenue  
PO Box 443  
Osceola, AR 72370

Pleasant Grove Investments, LLC  
P. O. Box 3092  
Jonesboro, AR 72403

By: *Sally L. Wilson*  
Sally L. Wilson - MAYOR

By: *Danny Wallis*  
Danny Wallis -  
MANAGING MEMBER

**ACKNOWLEDGMENT**

**STATE OF ARKANSAS**

**COUNTY OF MISSISSIPPI**

On this 25<sup>th</sup> day of September, 2019, before me, a Notary Public, personally appeared Sally L. Wilson, Mayor of the City of Osceola, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged that she is authorized to and hereby executed the same for the purposes therein contained.

In Witness Whereof, I have hereunto set my hand and official seal.



*Stacey Travis*  
Notary Public

My Commission Expires:  
October 14, 2026

**STATE OF ARKANSAS**

**COUNTY OF MISSISSIPPI**

On this 25<sup>th</sup> day of September, 2019, before me, a Notary Public, personally appeared Danny Wallis, Managing Member of Pleasant Grove Investments, LLC, known to me or satisfactorily proven to be the persons whose name is subscribed to the within instrument and acknowledged that he is authorized to and hereby executed the same for the purposes therein contained.

In Witness Whereof, I have hereunto set my hand and official seal.

*Stacey Travis*  
Notary Public

My Commission Expires:  
October 14, 2026

