

## LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") dated the 24<sup>th</sup> day of August, 2012, is made and entered into by and between **515 WEST WASHINGTON HOLDINGS, LLC**, an Arkansas limited liability company ("Landlord") and **THE CITY OF JONESBORO, ARKANSAS**, a duly organized municipal corporation ("Tenant").

### WITNESSETH:

In consideration of the covenants and agreements herein and other good and valuable consideration the receipt of which is hereby acknowledged, Landlord and Tenant agree as follows:

1. Lease. Landlord hereby leases to Tenant and Tenant hereby accepts the following described premises:

the building ("Building") located at 515 W. Washington Avenue,  
City of Jonesboro, Craighead County, Arkansas (the "Premises")

for the exclusive purpose of using the Premises consistent with Tenant's use of the Premises as of the date of execution of this Lease.

2. Term. Subject to the terms and conditions contained herein, this Lease shall commence on August 24, 2012 (the "Commencement Date"), and shall terminate on May 31, 2013 (such term referred to herein as the "Term").

3. Rent. Tenant shall owe no rent to Landlord pursuant to this Lease.

4. Nuisance, Waste, Environmental Laws, Etc. Tenant covenants and agrees with Landlord that the Premises shall be used and occupied in a careful, safe and proper manner; that no nuisance, trade or custom which is unlawful or known to be ultrahazardous shall be permitted therein; that no waste shall be committed upon, nor any damages be done to the Premises. In addition, Tenant warrants and represents to Landlord that all activities by Tenant on or about the Premises will be in compliance with all state, federal, local or other laws, regulations and ordinances.

5. Alterations. Tenant shall not make any alterations to the Premises without Landlord's prior written consent and all additions and improvements made by Tenant, and all fixtures installed by Tenant shall become the property of Landlord and be surrendered with the Premises or removed by Tenant at the termination of the Lease. In the event that Tenant removes any additions or improvements put in place by Tenant, then Tenant shall return the Premises to their condition as existed at the inception of this Term, ordinary wear and tear excepted.

6. Subletting. Tenant hereby covenants and agrees that neither the Premises, nor any part thereof, shall be sublet without the prior consent in writing of Landlord, nor shall this Lease be

assigned (whether for the benefit of the creditors of Tenant or otherwise) without such prior written consent. In no event shall any subletting or assignment of this Lease relieve Tenant of any of the covenants, agreements and obligations imposed on Tenant in this Lease. Any assignment or subletting in violation hereof shall be void. Tenant shall not mortgage, pledge or otherwise encumber its interest under this Lease.

Landlord's interest and obligations hereunder may be assigned, transferred or sold without Tenant's consent. In the event of any sale, transfer or assignment of Landlord's interest in this Lease or the premises, Tenant shall attorn to the purchaser, recognize such purchaser as Landlord hereunder, and promptly execute and deliver any instrument necessary to evidence such attornment. Tenant shall, upon Landlord's request, execute and deliver to Landlord, in form reasonably satisfactory to Landlord or Landlord's mortgagee, a written statement certifying that Tenant has accepted the Premises, that this Lease is unmodified (or, if modified, set forth the modifications), that the Lease remains in full force and effect, and that Landlord is not in default hereunder.

7. Delivery at End of Term. Tenant agrees to deliver the Premises to Landlord at the expiration of the Term of this Lease in good order and condition and make good all damages to the Premises, usual wear and tear excepted, with keys to the same to be returned to Landlord in like good order, and no demand or notice of such delivery shall be necessary.

In the event Tenant fails to surrender the Premises as provided herein, Tenant will, in addition to any damages generally recoverable, be liable to Landlord for all damages Landlord may sustain, including claims made by any succeeding tenant against Landlord which are founded upon delay or failure in delivering possession of the Premises to the succeeding tenant.

8. Default. The happening of anyone or more of the following shall be deemed an event of default under this Lease:

(a) Tenant becomes bankrupt, makes an assignment for the benefit of its creditors or becomes insolvent;

(b) A receiver is appointed for Tenant or Tenant's leasehold interest hereunder or for any of Tenant's property used in connection with Tenant's business;

(c) A writ of execution or attachment is levied on or against Tenant's fixtures, equipment, or any other personal property within the Premises used in connection with Tenant's business if such writ is not released or discharged within thirty (30) days thereafter;

(d) Proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation, or involuntary dissolution of Tenant, or for its adjudication as a bankrupt or insolvent, and said proceedings not being dismissed, and any trustee or liquidator appointed therein not being discharged within thirty (30) days after the institution of such proceedings;

(e) Tenant's failure to comply with any other covenant or provision of this Lease and following expiration of fifteen (15) days thereafter.

9. Remedies. Upon occurrence of any event of default, Landlord shall have the option to pursue any right, claim or remedy to which Landlord may be entitled at law or in equity in case of Tenant's default. Pursuit by Landlord of an available remedy shall not preclude pursuit of any other remedy available at law or in equity; nor shall pursuit of any remedy constitute a forfeiture or waiver of any damages accruing to Landlord by reason of the violation of any of the covenants and provisions herein contained. Forbearance by Landlord to enforce one or more remedies herein set forth upon an event of default shall not be deemed or construed to constitute a waiver of such default.

10. Lien. As security for the performance of the covenants of Tenant herein contained, and as security for the payment of all damages which may be sustained by Landlord in the event there is a breach of any of the terms of this Lease by Tenant, Landlord shall have a lien on all furniture, fixtures and other property, excepting merchandise carried in stock for sale, which may be brought into or upon the Premises, including any additions and improvements constructed and installed by it, which may, at any time during the term hereof. Landlord shall have the right to file appropriate notices in public records evidencing and perfecting such lien. As an additional remedy, Landlord shall have the power to sell such furniture, fixtures or other property at a public sale, and to apply all amounts realized therefrom to the claim or claims of Landlord from damages. Before making such sale, Landlord shall comply with all applicable law for such sales including, the publication of a ten (10) day notice thereof by one (1) insertion in a daily newspaper published in Craighead County, Arkansas. Landlord may bid thereat as any third person might, and Tenant hereby waives any and all rights of redemption granted by the laws of the State of Arkansas.

11. Holdover. Should Tenant or any of its successors in interest hold over the Premises, or in any part thereof, after the expiration of the term of this Lease, such holding over shall not operate to extend the Term of this Lease, but such holding over shall constitute and be construed as a tenancy from month to month only. Tenant will pay as rental on the first day of each month during the holdover period an amount equal to Twelve and No/100 United States Dollars (\$12.00) per square foot for the Premises, divided by twelve (12). No receipt of money by Landlord from Tenant after termination of this Lease shall reinstate or extend this Lease or affect any prior notice given by Landlord to Tenant.

12. Protection from Violations. Tenant agrees to hold Landlord harmless from violations of the laws of the United States, of the State of Arkansas, and the ordinances, laws, and regulations of the City of Jonesboro, and in its use and occupancy of the Premises, Tenant shall comply with all such laws, ordinances and regulations at its own cost and expense. Landlord agrees to hold Tenant harmless from violations of the laws of the United States, of the State of Arkansas, and the ordinances, laws, and regulations of the City of Jonesboro, and in its construction and condition of the Premises if such items are to be provided or repaired by Landlord. Finally,

Landlord shall comply with all such laws, ordinances and regulations at its own cost and expense in regard to any and all items that are Landlord's responsibility under this Lease.

13. Advertising/Signage. Except for all signage currently existing on the Premises, Tenant shall not affix or attach, or cause to be fixed or attached, any signs on the Premises without the prior written consent of Landlord. Landlord shall have the right to refuse such written permission if, in the opinion of and in the reasonable discretion of Landlord, any proposed sign is not aesthetically complimentary to the Premises. During the term of this Lease, Tenant agrees to keep any sign placed on the Premises in proper condition. Tenant agrees to either repair or remove any sign upon notice from Landlord that said sign, in the opinion of and at the reasonable discretion of Landlord, has not been maintained in an acceptable manner. Upon termination of this Lease, Tenant shall remove any sign, advertisement or notice painted on, affixed to or attached to the Premises and restore the place it occupied in the condition which it existed as of the date of this Lease, ordinary wear and tear excepted. Tenant shall be solely responsible for compliance with all applicable laws, ordinances and regulations regarding signs.

14. Increased Premium. Tenant is not to suffer anything to be or remain on or about the Premises nor carry on nor permit upon the Premises any trade or occupation or suffer to be done anything causes an increased or extra premium payable for the insurance of property owned by Landlord adjacent to the Premises against fire, unless consented to in writing by Landlord and if so consented to, Tenant shall pay such increased or extra premium within ten (10) days after Tenant shall have been advised of the amount thereof.

15. Condition of Premises. It is hereby further agreed that Tenant has examined the Premises and is satisfied as to the condition thereof, accepts the Premises in AS IS, WHERE IS condition, and Tenant expressly agrees that no representation as to the condition of the Premises has been made by Landlord or agents of Landlord or relied upon by Tenant.

16. Liability for Repairs. Tenant will keep the Premises, including any plate glass located in the Premises, in good repair throughout the Term of this Lease. If Tenant refuses or neglects to repair and maintain the Premises, as required hereunder, to the reasonable satisfaction of Landlord as soon as reasonably possible, Landlord may but shall not be obligated to make such repairs and perform such maintenance, and Tenant shall upon demand pay Landlord's cost for making such repairs and performing such maintenance plus fifteen percent (15%) of such cost for Landlord's overhead expense and supervision. Upon the expiration or termination of this Lease, Tenant will restore the Premises to Landlord in as good condition as when possession was taken by Tenant, ordinary wear and tear excepted.

Landlord shall keep the Building, including without limitation the exterior of the Building, the roof, walls, plumbing, heating, electrical and air conditioning in good repair throughout the Term of this Lease. Landlord shall provide and maintain adequate facilities to allow Tenant to have access to electricity, telephone and internet services within the Premises.

17. Right of Entry. Landlord may enter the Premises at proper times to view and inspect same, or to make such repairs, additions and alterations, or to run such pipe or electric wire as

Landlord may deem necessary for the safety, improvement, or preservation of the Premises. Such entry shall not operate to impose any obligation for repair or maintenance beyond the obligations of Landlord specifically set forth in Section 16 of this Lease, nor diminish the obligations of Tenant under this Lease.

18. Fire Clause. In case the Premises shall be so injured or damaged by fire or other cause as to be rendered untenable, and so that necessary repairs or rebuilding cannot be made within one hundred twenty (120) days, this Lease shall be terminated. However, if the damage is such that rebuilding and repairs can be completed within one hundred twenty (120) days, Landlord agrees to make such repairs with reasonable promptness and dispatch, and Tenant covenants and agrees that the terms of this Lease shall not be otherwise affected.

19. Damages, Accidents and Insurance. Tenant shall indemnify and hold Landlord harmless against all damages, accidents, and injuries to persons or property caused by or resulting from or in connection with the Premises, or pertaining to Tenant's activities on or about the Premises during the Term of this Lease or while Tenant is occupying the Premises to the extent that such damages, accidents and/or injuries are caused by Tenant, Tenant's employees or agents. Landlord shall indemnify and hold Tenant harmless against all damages, accidents, and injuries to persons or property caused by or resulting from or in connection with the Premises, or pertaining to Landlord's business operations on or about the Premises (if any) or pertaining to Landlord's ownership of the Premises during the Term of this Lease to the extent that such damages, accidents and/or injuries are caused by Landlord, Landlord's employees or agents.

20. Taxes. Landlord shall pay all ad valorem real property taxes for the Premises, and Tenant shall be responsible for all taxes related to Tenant's personal property and business operations.

21. Utilities. All heat, water, electric current, gas or other utilities used on the Premises shall be paid by Tenant. In addition, any charges for telephone service, cable or satellite television, or internet service shall be paid by Tenant.

22. Attorney's Fees. In the event it becomes necessary for Landlord to employ an attorney to enforce compliance of any of the covenants and agreements herein contained, Tenant shall be liable for reasonable attorney's fees, costs and expenses incurred by Landlord.

23. Permitted Use. The activities to be conducted in the Premises shall be limited to the activities Tenant conducts in the Premises as of the date of execution of this Lease. Tenant will not use the Premises for any other purpose without first obtaining the written consent of Landlord.

24. Notices. Any notice or document required or permitted to be delivered by this Lease shall be deemed to be delivered (when actually received or rejected) if delivered personally, when deposited in the United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the parties at their respective addresses set out below, or sent by any overnight carrier which routinely issues receipts. Either Landlord or Tenant may add additional

addresses or change its address for purposes of receipt of any such communication by giving ten (10) days prior written notice of such change to the party in the manner prescribed in this Section.

If to Tenant: CITY OF JONESBORO, ARKANSAS

\_\_\_\_\_  
Attn: Benjamin (Ben) Barylske

If to Landlord: 515 WEST WASHINGTON HOLDINGS, LLC

\_\_\_\_\_  
Attn: \_\_\_\_\_

And a copy to: Jeb Joyce, Esq.  
Quattlebaum, Grooms, Tull & Burrow PLLC  
4100 Corporate Center Drive, Suite 310  
Springdale, AR 72762  
Voice (479) 444-5200  
Facsimile (479) 444-6647

25. Eminent Domain. If the Premises are subjected to any eminent domain proceeding, or private purchase under threat thereof, or are taken for any public or quasi-public use under any governmental law, ordinance or regulation, the Lease shall terminate. In such condemnation proceedings Tenant may claim compensation for the taking of any removable installations which by the terms of this Lease, Tenant would be permitted to remove at the expiration of this Lease, but Tenant shall be entitled to no additional award, it being agreed that all damages allocable to full fee simple ownership of the Premises shall in any event be payable to Landlord.

26. Waiver of Breach. It is hereby covenanted and agreed that no waiver of a breach of any of the covenants of this Lease shall be construed to be a waiver of any succeeding breach of the same or any other covenant.

27. Quiet Possession. In consideration of the covenants and agreements herewith contained, and so long as Tenant is not in default under this Lease, Tenant may enjoy the quiet and peaceful possession of the Premises during the term of this Lease.

28. Binding Effect. It is further agreed by the parties to this Lease that all of the covenants and agreements enumerated herein shall be binding upon both parties' successors and assigns for the maximum period allowed by law.

29. Subrogation. Landlord and Tenant hereby waive any right of subrogation which they may have against the other for any losses paid to them on policy or policies carried on the

Premises, each agreeing to use reasonable effort to cause all policies to be so endorsed.

30. Subordination. At the option of Landlord or Landlord's mortgagee, Tenant agrees that this Lease is subordinate to any mortgage, deed of trust or encumbrance which Landlord may have placed, or may hereafter place, on the Premises. Tenant agrees to execute, on demand, any instrument, which may be deemed necessary or desirable by any lender of Landlord to evidence that such mortgage, deed of trust or encumbrance whenever made, is superior and prior to this Lease. However, such subordination is subject to the right of Tenant to maintain its undisturbed possession of the building as long as Tenant remains in compliance with the terms of this Lease.

31. Brokers; Agency; Disclosure. Landlord represents that Landlord is represented by Halsey Inc., d/b/a NAI/Halsey Commercial Real Estate Services Worldwide ("Halsey"), that such fact has been disclosed to Tenant, and that Halsey will be paid a commission by Landlord pursuant to separate agreement. Other than disclosed herein, Landlord and Tenant each warrant to the other that it has not dealt with any broker or agent in connection with the negotiation or execution of this Lease. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees and other liability for commissions or other compensation claimed by any broker or agent who claims the same by, through or under the indemnifying party.

32. Severability. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, then the remainder of this Lease shall not be affected thereby and in lieu of such clause or provision, there shall be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

33. Governing Law. The laws of the State of Arkansas shall govern the validity, construction, enforcement and interpretation of this Lease.

34. No Oral Modification; Survival. This Lease may not be amended except by an instrument in writing referring to this Lease and signed by Landlord and Tenant. No provision of this Lease shall be deemed to have been waived by Landlord or Tenant unless such waiver is in writing signed by Landlord or Tenant, and no custom or practice which may evolve between the parties in the administration of the terms of this Lease shall waive or diminish the right of Landlord or Tenant to insist upon the performance by Landlord or Tenant in strict accordance with the terms hereof. The indemnification and hold harmless provisions of this Lease shall survive the expiration or termination of this Lease.


35. Captions; Construction; Counterparts. All captions contained in this Lease are for convenience of reference only and do not limit or enlarge the terms and conditions of this Lease. This Lease may be executed in several counterparts, each of which shall be fully effective as an original and all of which together shall constitute one and the same instrument. The provisions of this Lease have been negotiated by Landlord and Tenant, each having the benefit of legal counsel and advice, and should not be construed more favorably to either Landlord or Tenant.

36. Entire Agreement. Landlord and Tenant mutually understand and agree that this Lease is the final and complete expression of their agreement. This Lease supersedes any prior discussions and agreements between Landlord and Tenant regarding the Premises. In the event of a conflict between this Lease and any other agreement between Landlord and Tenant concerning the Premises, this Lease shall supersede and control. The parties specifically warrant to each other that there are no other agreements, warranties or clauses not contained herein.

IN WITNESS WHEREOF, the parties of this Lease have set their hand and seals, this 24th day of August, 2012.

LANDLORD:

**515 WEST WASHINGTON HOLDINGS, LLC,**  
an Arkansas limited liability company

  
By: \_\_\_\_\_  
Name: Mark Dickworth  
Title: Member

TENANT:

**THE CITY OF JONESBORO, ARKANSAS,**  
A duly organized municipal corporation



**ASSIGNMENT OF LEASES  
AND ASSUMPTION AGREEMENT**

THIS ASSIGNMENT OF LEASES AND ASSUMPTION AGREEMENT (the "Assignment") is executed and delivered by and between **MERCANTILE CENTER, LLC**, an Arkansas limited liability company ("Assignor") and **THE CITY OF JONESBORO, ARKANSAS**, a duly organized municipal corporation, its successors and assigns ("Assignee"); WITNESSETH:

WHEREAS, Assignor has heretofore entered into those certain leases set forth on **Exhibit B** attached hereto (the leases, and all amendments and assignments thereto collectively referred to as the "Leases"), situated at 300 S. Church Street, Jonesboro, Arkansas 72401 (the "Property") and being more particularly described on **Exhibit A** which is attached hereto and made a part hereof for all purposes;

WHEREAS, Assignee desires to purchase from Assignor, and Assignor desires to sell and assign to Assignee, the Leases and the leasehold estate created thereby.

NOW, THEREFORE, for and in consideration of the premises and the agreements and covenants herein set forth, together with the sum of Ten Dollars (\$10.00) and other good and valuable consideration on this day paid and delivered by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged and confessed by Assignor, Assignor does hereby ASSIGN, TRANSFER, SET OVER, DELIVER and CONVEY unto Assignee the Leases, and all of the rights, benefits and privileges of the landlord under the Leases, but subject to all terms, conditions, reservations and limitations set forth in the Leases.

TO HAVE AND TO HOLD the Leases unto Assignee, its successors and assigns, forever, and Assignor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND, the assigned Leases unto Assignee, its successors and assigns, against every person whomsoever lawfully claiming or attempting to claim the same, or any party thereof, by, through or under Assignor, but not otherwise.

(a) It is specifically agreed that Assignor shall not be responsible to the tenants under the Leases for the discharge and performance of any and all duties and obligations to be performed and/or discharged by the landlord thereunder after the date hereof. By accepting this Assignment and by its execution hereof, Assignee hereby assumes and agrees to perform all of the terms, covenants and conditions of the Leases on the part of the landlord therein required to be performed, from and after the date hereof, but not prior thereto. Assignee covenants and agrees to indemnify, save and hold harmless Assignor from and against any and all losses, liabilities, expenses (including reasonable attorneys' fees), claims or causes of action existing in favor of or asserted by a tenant under any of the Leases arising out of or relating to Assignee's failure to perform any of the obligations of the landlord under the Leases after the date hereof.

(b) Assignor hereby agrees to indemnify and hold harmless Assignee from and against any and all losses, liabilities and expenses (including reasonable attorneys' fees) incurred by Assignee as a result of claims or causes of action brought against Assignee, as Assignor's successor in interest to

the Leases, arising out of or relating to a breach of any of the Leases and the obligations of the landlord thereunder occurring prior to the date hereof.

(c) Assignor warrants and represents that, as of the date of this Agreement:

(i) the Leases are in full force and effect in accordance with their terms, and have not been modified or amended, except in such amendments or assignments set forth on **Exhibit B**;

(ii) Assignor is not in default under any of the Leases and no condition exists which, with the passage of time or the giving of notice, or both, would become an event of default under any of the Leases, and that the Leases are in full force and effect. Assignor is not aware of any default by a tenant under any of the Leases, of rent payment or otherwise;

(iii) Assignor is the sole landlord under each of the Leases and has not previously assigned, mortgaged, otherwise transferred its interests in any of the Leases, and Assignor has the authority to assign the Leases to Assignee without notice or consent to the tenants under the Leases; and

(iv) Assignor has not received any prepayments of rent of more than thirty (30) days under any of the Leases, and Assignor has not entered into any agreement with any tenant to accept prepayments of rent under any Lease.

(d) All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment may be executed in several counterparts, each of which shall constitute one and the same instrument.


IN WITNESS WHEREOF, Assignee and Assignor have caused this Assignment of Lease and Assumption Agreement to be executed as of the 24<sup>th</sup> day of August, 2012.

ASSIGNEE:

**THE CITY OF JONESBORO, ARKANSAS,**

ASSIGNOR:

**MERCANTILE CENTER, LLC.,**  
an Arkansas limited liability company

By:   
Name: Mark Duckworth  
Title: Member

## EXHIBIT A

### [THE PROPERTY]

**Tract 1:** Lots 3, 4, 5, The North 8 feet of the West 125 feet of Lot 7, and Lots 8, 9 and 10 of Stephenson's Church Street Addition to the City of Jonesboro, Arkansas, LESS AND EXCEPT: The North 20 feet of Lots 3 and 10 of Stephenson's Church Street Addition to Jonesboro, Arkansas, including the North 20 feet of an abandoned alley lying between said lots; ALSO LESS AND EXCEPT: Beginning at the Southwest corner of the Intersection of Creath Avenue and East Street in the City of Jonesboro; thence South perpendicular to Creath Avenue 227.5 feet; thence West 2.74 feet; thence North perpendicular to Creath Avenue 227.5 feet; thence East 2.74 feet to the point of beginning, being a part of Lots 3, 4, 5 and 6 of Stephenson's Church Street Addition to the City of Jonesboro, Arkansas.

**Tract 2:** Lots 9, 13, 14, 15, 16, 18, 19, 20 and 21; the West Half of Lot 17; and the East Half of Lot 17 less and except the following: Part of the East Half of Lot 17, Block "A" of Thorn's Church Street Addition to the City of Jonesboro, Arkansas, more particularly described as follows: Begin at the Southwest corner of the East Half of Lot 17 aforesaid; thence East along the South line of Lot 17, 7 feet 3 inches; thence North to the North line of Lot 17 and a point which is 9 feet East of the Northwest corner of the East Half of Lot 17; thence West 9 feet to said Northwest corner; thence South along the one-half lot line to the point of beginning.

**Tract 3:** Lot 8, Block A, Thorn's Church Street Addition to the City of Jonesboro, Arkansas.

**Tract 4:** Lot 6 and all of Lot 7, less the North 8 feet of the West 125 feet thereof, in Stephenson's Church Street Addition to Jonesboro, Arkansas.

**EXHIBIT B**

[THE LEASES]

## REAL ESTATE CONTRACT

This REAL ESTATE CONTRACT (the "Agreement") is entered into by and between **MERCANTILE CENTER, LLC.**, an Arkansas limited liability company ("Mercantile"), and **THE CITY OF JONESBORO, ARKANSAS**, a duly organized municipal corporation (the "City").

Subject to all the terms and conditions hereof, and in consideration for the mutual and separate covenants, warranties, representations, Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by Mercantile and the City, it is agreed:

### 1. Real Estate.

(a) Mercantile shall convey to the City all of Mercantile's right, title and interest in and to that certain tract of real property located in the City of Jonesboro, Craighead County, Arkansas, with a legal description set forth on the attached **Exhibit A** (the "Mercantile Center Property"), together with: (a) all buildings, structures, and improvements thereon; (b) all easements, tenements, appurtenances, leases, hereditaments, pre-paid rents, security deposits, rights, obligations and privileges now or hereafter contained in, belonging to or in any way pertaining to or beneficial thereto; and (c) any right, title, and interest of Mercantile to any land lying in the bed of any street or alley in front of or adjoining the Mercantile Center Property to the center line thereof (the Mercantile Center Property and items (a), (b), and (c) hereinafter referred to as the "Mercantile Center Premises").

(b) The City shall convey to Mercantile all of the City's right, title and interest in and to that certain tract of real property located in the City of Jonesboro, Craighead County, Arkansas, with a legal description set forth on the attached **Exhibit B** (the "City Hall Property"), together with: (a) all buildings, structures, and improvements thereon; (b) all easements, tenements, appurtenances, leases, hereditaments, pre-paid rents, security deposits, rights, obligations and privileges now or hereafter contained in, belonging to or in any way pertaining to or beneficial thereto (the City Hall Property and items (a) and (b) hereinafter referred to as the "City Hall Premises"). The Mercantile Center Premises and the City Hall Premises may be referred to herein, either collectively or singularly, as the "Exchanged Premises".

### 2. Consideration for Conveyance.

(a) Mercantile shall convey to the City the Mercantile Center Premises on the Closing Date (defined herein). The City shall convey to Mercantile the title to the City Hall Premises, and pay to Mercantile the amount of Two Million Nine Hundred Thousand and No/100 United States Dollars (\$2,900,000.00)(the "Purchase Price"), on the Closing Date.

The parties acknowledge that, after the Closing Date, the City shall remain in possession of the City Hall Premises pursuant to the City Hall Lease (defined herein) for the term set forth in the City Hall Lease. The parties further acknowledge that the City will take possession of the Mercantile Center Premises subject to leasehold interests held by the tenants

listed in the rent roll regarding Mercantile Center (the "Mercantile Tenants"), which Mercantile, prior to the execution of this Agreement, has provided to the City.

The conveyance of the Exchanged Premises by each party to the other party, plus the payment by the City of the Purchase Price to Mercantile, shall constitute the consideration for receipt of the Exchanged Premises received by each such party. The Closing shall take place at the offices of a title company to be mutually agreed upon by Buyer and Seller (the "Title Company").

(b) The City shall pay a portion of the Purchase Price, in a sum equal to Fifty Thousand and No/100 United States Dollars (\$50,000.00)(the "Deposit"), to a non-interest bearing escrow account with Halsey Inc., d/b/a NAI Halsey Commercial Real Estate Services Worldwide ("Escrow Agent") within ten (10) days of delivery of an executed copy of this Agreement to the Title Company. Mercantile and the City agree the Deposit shall be nonrefundable to the City upon payment to the Escrow Agent, but shall be credited towards the Purchase Price at Closing.

(c) Within a reasonable time, not to exceed twenty (20) days after the date this Agreement has been executed by Mercantile and the City, Mercantile shall deliver to the City a preliminary version of a Commitment (defined below) for the Mercantile Center Premises, and the City shall deliver to Mercantile a preliminary version of a Commitment for the City Hall Premises. Within ten (10) days of the date of execution of this Agreement, City shall provide to Mercantile all documents in City's possession concerning the City Hall Premises, including without limitation any surveys, title policies, or any similar documents.

### 3. "AS IS" Premises.

(a) Mercantile acknowledges it shall have an opportunity to inspect the City Hall Premises prior to Closing, and accepts it in "AS IS, WHERE IS, WITH ALL FAULTS CONDITION." THE CITY MAKES NO REPRESENTATIONS, WARRANTIES OR COVENANTS OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO THE QUALITY, CONDITION, SUITABILITY, HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ENVIRONMENTAL/ECOLOGICAL CONDITION OF THE CITY HALL PREMISES. MERCANTILE CERTIFIES MERCANTILE SHALL INSPECT THE CITY HALL PREMISES AND IS NOT RELYING UPON ANY WARRANTIES, REPRESENTATIONS OR STATEMENTS OF THE CITY AS TO THE QUANTITY OF LAND, AREA OF ANY IMPROVEMENTS OR CONDITION OF THE CITY HALL PREMISES. Mercantile hereby releases the City, and shall indemnify and hold harmless the City from and after the Closing Date from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or in connection with the condition of the City Hall Premises.

(b) The City acknowledges it has inspected the Mercantile Center Premises prior to the date of execution of this Agreement, and accepts it in "AS IS, WHERE IS, WITH ALL FAULTS CONDITION." MERCANTILE MAKES NO REPRESENTATIONS, WARRANTIES OR COVENANTS OF ANY KIND OR CHARACTER WHATSOEVER,

WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO THE QUALITY, CONDITION, SUITABILITY, HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ENVIRONMENTAL/ECOLOGICAL CONDITION OF THE MERCANTILE CENTER PREMISES. THE CITY CERTIFIES THE CITY SHALL INSPECT THE MERCANTILE CENTER PREMISES AND IS NOT RELYING UPON ANY WARRANTIES, REPRESENTATIONS OR STATEMENTS OF MERCANTILE AS TO THE QUANTITY OF LAND, AREA OF ANY IMPROVEMENTS OR CONDITION OF THE MERCANTILE CENTER PREMISES. The City hereby releases Mercantile, and shall indemnify and hold harmless Mercantile from and after the Closing Date from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or in connection with the condition of the Mercantile Center Premises.

4. Feasibility Period. Mercantile shall have through and including 11:59 p.m. on August 24, 2012 (the "Feasibility Period"), to elect to terminate this Agreement for any reason or without reason, or for failure of any of the following conditions:

(a) the review, approval and acceptance of the existing zoning of the City Hall Premises, and all other land use restrictions of any type or nature, including federal, state or municipal laws, regulations or directives, restrictive covenants, easements, encroachments, mineral right reservations, development restrictions based upon historical use of the City Hall Premises, building set-back lines or rights-of-way (public or private) concerning the City Hall Premises, in addition to such party being satisfied, acting with sole discretion, the City Hall Premises is appropriately zoned, will remain appropriately zoned and is otherwise suitable in all respects for the present use of the City Hall Premises and the use which such party intends for the City Hall Premises in the future;

(b) the satisfactory inspection of the City Hall Premises by Mercantile and any potential third party transferee of the City Hall Premises, and, if such party chooses, all third-party inspectors (including without limitation environmental consultants, surveyors, engineers, architects, attorneys, geotechnical consultants and engineers) desired by such party, at such party's expense, such inspection(s) to take place prior to the termination of the Feasibility Period. Upon reasonable advance notice to the other party, any party and its representatives shall be permitted to enter onto the City Hall Premises prior to the termination of the Feasibility Period for the purpose of inspection and obtaining such other information with respect to the City Hall Premises as may be reasonable desired by such party, provided that such party shall repair any damage caused by said studies, tests and inspections, and shall defend, indemnify and hold the other party harmless from any and all claims or liabilities arising from or related to said studies, tests and inspections. The right of inspection granted to such party (and third-party inspectors or agents of such party) or actual inspections by such party shall not alter the provisions, covenants, warranties or representations of the party transferring the City Hall Premises, as set forth elsewhere in this Agreement;

(c) review, approval and acceptance of an ALTA survey of the City Hall Premises (the "Survey")(which Mercantile and the City acknowledge a preliminary Survey has been prepared by a licensed surveyor employed by the City), certified to Mercantile, the City, the Title Company and the insurer issuing the Commitment, showing all improvements located on



the City Hall Premises, all immediately adjacent tracts and streets, providing all improvements, if any are entirely within the boundary and building lines and showing no encroachments upon the City Hall Premises or from the City Hall Premises onto any adjoining properties. All easements, restrictive covenants, building set-back lines and rights-of-way, whether recorded or visible, shall be shown and certified as being unobstructed together with any easements or impediments to use otherwise known to the surveyor. Access to public roads or ways shall be affirmatively shown or expressed on the Survey. The Survey shall disclose all additional matters affecting the legal title to or use restrictions concerning the City Hall Premises, and shall disclose no matters affecting the legal title to or use restrictions for the City Hall Premises other than the Permitted Exceptions. The Survey shall identify unusable areas comprising wetlands, areas in a flood zone, any land lying within roadways, streets, highways, alleys, or canals. The Survey shall certify the legal description for the City Hall Premises, as per the on-site field notes of the surveyor is identical to: (i) the legal description set forth for the City Hall Premises in the Commitment; and (ii) the legal description for the City Hall Premises set forth in **Exhibit B** of this Agreement. If the description on the Survey is different than the description set forth in **Exhibit B**, then the Survey legal description shall be substituted for **Exhibit B**, unless reasonably objected to by Mercantile and the City. The Survey shall be in form sufficient to permit: (i) issuance of extended coverage title insurance over questions of survey as provided above, and (ii) all other title policy endorsements requested by the parties; and

(d) review, approval and acceptance of any environmental audits and assessments relating to the City Hall Premises (collectively, the "Environmental Audit"), including without limitation a "Phase I" environmental site assessment prepared within one (1) year of the date of this Agreement, in accordance with the ASTM standard practice (E1527).

If Mercantile, in its sole discretion, chooses to terminate this Agreement pursuant to this Section 4, Mercantile shall provide written notification to the City through and including 11:59 p.m. on the last day of the Feasibility Period. Upon such notification, the Deposit shall be paid to the City, and neither party shall have further obligation to the other pursuant to this Agreement, or otherwise.

5. Authorization of the City. Notwithstanding any provision of this Agreement to the contrary, the obligations of Mercantile pursuant to this Agreement are expressly contingent on adoption by the City of a duly noticed, valid and binding ordinance authorizing the City to execute and consummate this Agreement, and after adoption of such ordinance, expiration of all time limitations for contest of such ordinance or other legal challenges without any such contest or challenge of the authorizing ordinance (such actions and passage of time limitations collectively referred to as "City Authorization"). If at any time on or before the Closing, Mercantile determines, in its sole and absolute discretion, that the City has not obtained City Authorization or will be unable to obtain City Authorization on or prior to the Closing Date, then Mercantile shall have the option to either: (i) extend the Closing Date for a period of thirty (30) days for the City to obtain City Authorization; or (ii) terminate this Agreement. Upon termination of the Agreement pursuant to this Section 5, all obligations of the parties shall terminate, the Deposit shall be paid to Mercantile, and neither party shall have further obligation to the other pursuant to this Agreement, or otherwise.

6. Closing. The Closing shall take place at the offices of the Title Company, such date not to be later than August 24, 2012 (the "Closing Date"). The Closing shall take place pursuant to a closing insured by the insurance company referenced in the Commitment (as described in Section 9 of this Agreement), with closing protection costs to be split equally between Mercantile and the City. On the Closing Date, Mercantile shall convey to the City insurable title to the Mercantile Center Premises, title being expressly subject to the Permitted Exceptions (defined below) with respect to the Mercantile Center Premises. On the Closing Date, the City shall convey to Mercantile insurable title to the City Hall Premises, title being expressly subject to the Permitted Exceptions with respect to the City Hall Premises.

7. Possession. Mercantile shall deliver possession of the Mercantile Center Premises to the City on the Closing Date, subject to the leasehold interests of the Mercantile Tenants. Possession of the Mercantile Center Premises shall be expressly subject to the Permitted Exceptions with respect to the Mercantile Center Premises. The City shall deliver possession of the City Hall Premises at the end of the term of the City Hall Lease. Possession of the City Hall Premises shall be expressly subject to the Permitted Exceptions with respect to the City Hall Premises.

8. City Hall Lease. The City shall lease the City Hall Premises from Mercantile commencing on the Closing Date until May 31, 2013. Such leasehold interest shall be held without any rent due from the City. The City and Mercantile shall, no later than the Closing Date, execute a lease agreement containing, among any other agreed upon terms, the terms of this Section 8 (such lease referred to herein as the "City Hall Lease").

9. Title Insurance. Each party shall obtain a title commitment issued by Title Company for a current 2006 ALTA Form Owner's title insurance policy, in an amount equal to the Property Value, showing insurable title to: (i) the City Hall Premises in Mercantile; and (ii) the Mercantile Center Premises in the City (each title commitment referred to as a "Commitment", and collectively, the "Commitments"), each subject to the following items (collectively, the "Permitted Exceptions"):

- (a) general real estate taxes for the year in which the Closing Date occurs;
- (b) special improvement district taxes for the year in which the Closing Date occurs;
- (c) all governmental laws, codes, ordinances, recorded instruments and restrictions now or hereafter in effect so far as may affect the Exchanged Premises or any part thereof, including without limitation land use or zoning matters (and amendments and additions relating thereto);
- (d) all encroachments and possessory interests which are discovered or are discoverable by either visible inspection of the Exchanged Premises, or the Survey; and

(e) such other exceptions to title as shall be mutually agreed to by Mercantile and the City, such agreement not to be unreasonably withheld.

The parties shall split equally the cost of the Commitments and the owner's title insurance policy for each Exchanged Premises, which will be issued in connection therewith after the Closing. Each party warrants, represents and covenants, between the date of execution of this Agreement and the Closing Date, each party shall not willfully create or suffer any exceptions which are not Permitted Exceptions to title on the applicable Exchanged Premises.

10. Closing Documents. At Closing, Mercantile shall convey to the City insurable title to the Mercantile Center Premises, in fee simple absolute and in AS IS, WHERE IS, WITH ALL FAULTS condition, by Special Warranty Deed, subject to the Permitted Exceptions with respect to the Mercantile Center Premises. At Closing, Mercantile shall also deliver to the City or the Title Company all matters required by the Commitment for the issuance of the owner's policy of title insurance for the Mercantile Center Premises; and all other documents and performances necessary to be furnished hereunder.

At Closing, the City shall convey to Mercantile insurable title to the City Hall Premises, in fee simple absolute and in AS IS, WHERE IS, WITH ALL FAULTS condition, by General Warranty Deed, subject to the Permitted Exceptions with respect to the City Hall Premises. At Closing, the City shall also deliver to Mercantile or the Title Company all matters required by the Commitment for the issuance of the owner's policy of title insurance with respect to the City Hall Premises; and all other documents and performances necessary to be furnished hereunder.

11. Warranties. Mercantile represents, warrants and covenants to the City that the following are true and correct as of the date hereof and shall be true and correct as of the Closing Date:

(a) Mercantile has insurable title to the Mercantile Center Premises, free and clear of liens (other than liens to be satisfied by Mercantile upon the Closing Date) and subject to the Permitted Exceptions with respect to the Mercantile Center Premises;

(b) Mercantile has all requisite capacity and legal authority required by law to enter into, legally bind and consummate the transaction contemplated by this Agreement;

(c) The execution, delivery and performance by Mercantile of this Agreement does not and will not contravene or constitute a default under any provision of applicable law or regulation or of any agreement, judgment, injunction, order, decree or other instrument binding upon Mercantile or result in the creation of any lien or other encumbrance of any asset of Mercantile, except as herein provided;

(d) There is no action, suit or proceeding pending or, to Mercantile's knowledge threatened, against or affecting Mercantile, the Mercantile Center Premises or any portion thereof, in any court or before any arbitrator or before or by any governmental or

self-regulatory agency that could affect the ability of Mercantile to consummate the transaction contemplated by this Agreement;

(e) Mercantile is not relying upon any warranty, representation, statement (written or oral) or other information obtained from the City or any agent, employee, independent contractor or other person purporting to represent the City regarding the City Hall Premises and, in addition, if Mercantile proceeds to complete acquisition of the City Hall Premises, such act shall release the City with regard to any fact, circumstance, condition or other matter pertaining to the City Hall Premises, Mercantile having had adequate opportunity to perform all investigations, testing or analysis of the City Hall Premises prior to such acquisition, the provisions of this subsection to expressly survive consummation of this Agreement;

(f) To the best of Mercantile's knowledge, there are no violations at the Mercantile Center Premises of any law, regulation, directive or code, federal or state, including but not limited to environmental, building, ecological, fire, pollution, health or zoning laws, ordinances, directives, codes or regulations, which could impose liability or obligation upon the City after Closing. Mercantile is not aware of any past or present generation, manufacture, storage or disposal of (and there has not been transported to or from the Mercantile Center Premises) any Hazardous Substances or Wastes (as hereinafter defined) on the Mercantile Center Premises or Hazardous Substances or Wastes being present on the Mercantile Center Premises nor has there been use of the Mercantile Center Premises that may, under any federal, state or local law, directive, code or regulation, require any closure or cessation of the use of the Mercantile Center Premises or impose any monetary obligations upon the City, its successors or assigns. To the best of Mercantile's knowledge, there are no underground storage tanks located upon the Mercantile Center Premises, nor have any underground storage tanks ever been located upon the Mercantile Center Premises. Mercantile has not been notified by any governmental agency or individual of any pending or threatened action, litigation, proceeding or investigation as a responsible party or potentially responsible party for any liability for disposal or releases of any Hazardous Substances or Wastes; no lien or superlien has been recorded, asserted or threatened against the Mercantile Center Premises for any liability in connection with any environmental contamination; the Mercantile Center Premises has not been listed on either the National Priorities List, as defined in CERCLA (defined below), or any state listing of hazardous sites. For the purposes hereof, "Hazardous Substances" shall mean without limitation any flammables, explosives, radioactive materials, asbestos, petroleum, ureaformaldehyde, hazardous wastes, toxic substances or any other elements or compounds designated as a "hazardous substance," "pollutant" or "contaminant" in the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9601, *et seq.*, or in the Resource Conservation and Recovery Act, 42 U.S.C. § 6991, *et seq.*, or any other applicable federal, state or local law, directive, code or regulation; and "Wastes" shall mean any hazardous wastes, residual wastes, solid wastes or other wastes as those terms are defined in the applicable federal, state or local laws, directives, codes or regulations; and "Environmental Laws" shall mean all present, past or future local, state or federal laws, regulations, rules, codes or directives pertaining to Hazardous Substances or Wastes, environmental regulation, contamination or cleanup and, including without creating any limitation on this definition the following: CERCLA, the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, *et seq.*, the Toxic Substances Control Act, 15 U.S.C. § 2601, *et seq.*, the National Environmental Policy Act, 42

U.S.C. § 4321, *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. § 1251, *et seq.*, the Safe Drinking Water Act, 42 U.S.C. § 300f, *et seq.*, the Clean Air Act, 42 U.S.C. § 7401, *et seq.*, the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. § 136, *et seq.*, the Endangered Species Act, 16 U.S.C. § 1531, *et seq.*, the Surface Mining Control and Reclamation Act, 30 U.S.C. § 1201, *et seq.*, the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. § 11001, *et seq.*, the Oil Pollution Act, 33 U.S.C. § 2701, *et seq.*, the Federal Food, Drug and Cosmetic Act, 21 U.S.C. § 301, *et seq.*, the Ocean Dumping Act, 33 U.S.C. § 1401, *et seq.*, the Marine Mammal Protection Act, 31 U.S.C. § 1361, *et seq.*, the Coastal Zone Management Act, 16 U.S.C. § 1451, *et seq.*, provided that none of the specific statutes cited herein shall be construed to limit the broad scope of this definition;

(g) From the date Mercantile executes this Agreement until the Closing Date, the Mercantile Center Premises shall remain in substantially the same condition as upon the date of this Agreement, reasonable wear and tear excepted;

(h) There are no service contracts or management contracts affecting the Mercantile Center Premises;

(i) Other than the leasehold interests of the Mercantile Tenants, there are no leasehold interests or claims of entitlement to possession, or occupants upon the Mercantile Center Premises; and

(j) At Closing, Mercantile shall deliver to the City a sworn and notarized affidavit dated as of the Closing Date, stating the foregoing representations, warranties and covenants are true and correct as of the Closing Date.

The City represents, warrants and covenants to Mercantile that the following are true and correct as of the date hereof and shall be true and correct as of the Closing Date:

(a) The City has insurable title to the City Hall Premises; free and clear of liens (other than liens to be satisfied by the City upon the Closing Date) and subject to the Permitted Exceptions with respect to the City Hall Premises;

(b) The City has all requisite capacity and legal authority required by law to enter into, legally bind and consummate the transaction contemplated by this Agreement;

(c) The execution, delivery and performance by the City of this Agreement does not and will not contravene or constitute a default under any provision of applicable law or regulation or of any agreement, judgment, injunction, order, decree or other instrument binding upon the City or result in the creation of any lien or other encumbrance of any asset of the City, except as herein provided;

(d) There is no action, suit or proceeding pending or, to the City's knowledge threatened, against or affecting the City, the City Hall Premises or any portion thereof, in any court or before any arbitrator or before or by any governmental or self-regulatory agency that

could affect the ability of the City to consummate the transaction contemplated by this Agreement;

(e) The City is not relying upon any warranty, representation, statement (written or oral) or other information obtained from Mercantile or any agent, employee, independent contractor or other person purporting to represent Mercantile regarding the Mercantile Center Premises and, in addition, if the City proceeds to complete acquisition of the Mercantile Center Premises, such act shall release Mercantile with regard to any fact, circumstance, condition or other matter pertaining to the Mercantile Center Premises, the City having had adequate opportunity to perform all investigations, testing or analysis of the Mercantile Center Premises prior to such acquisition, the provisions of this subsection to expressly survive consummation of this Agreement;

(f) To the best of the City's knowledge, there are no violations at the City Hall Premises of any law, regulation, directive or code, federal or state, including but not limited to environmental, building, ecological, fire, pollution, health or zoning laws, ordinances, directives, codes or regulations, which could impose liability or obligation upon Mercantile after Closing. The City is not aware of any past or present generation, manufacture, storage or disposal of (and there has not been transported to or from the City Hall Premises) any Hazardous Substances or Wastes (as hereinafter defined) on the City Hall Premises or Hazardous Substances or Wastes being present on the City Hall Premises nor has there been use of the City Hall Premises that may, under any federal, state or local law, directive, code or regulation, require any closure or cessation of the use of the City Hall Premises or impose any monetary obligations upon Mercantile, its successors or assigns. To the best of the City's knowledge, there are no underground storage tanks located upon the City Hall Premises, nor have any underground storage tanks ever been located upon the City Hall Premises. The City has not been notified by any governmental agency or individual of any pending or threatened action, litigation, proceeding or investigation as a responsible party or potentially responsible party for any liability for disposal or releases of any Hazardous Substances or Wastes; no lien or superlien has been recorded, asserted or threatened against the City Hall Premises for any liability in connection with any environmental contamination; the City Hall Premises has not been listed on either the National Priorities List, as defined in CERCLA, or any state listing of hazardous sites;

(g) From the date the City executes this Agreement until the Closing Date, the City Hall Premises shall remain in substantially the same condition as upon the date of this Agreement, reasonable wear and tear excepted;

(h) There are no service contracts or management contracts affecting the City Hall Premises;

(i) There are no leasehold interests or claims of entitlement to possession, or occupants upon the City Hall Premises; and

(j) At Closing, the City shall deliver to Mercantile a sworn and notarized Affidavit dated as of the Closing Date, stating the foregoing representations, warranties and covenants are true and correct as of the Closing Date.

12. Damage or Destruction; Condemnation. The risk of loss or damage to each of the Exchanged Premises by fire or other casualty, including without limitation war, terroristic act, flood, earthquake, tornado or act of God, until the delivery, acceptance and recordation of the Special Warranty Deed for such Exchanged Premises is specifically and absolutely assumed by the record title owner of such Exchanged Premises on the date of this Agreement. If any part or all of either of the Exchanged Premises is taken by power of eminent domain prior to such date, either party shall have the option to: (i) terminate this Agreement and neither party shall have any further obligation to the other hereunder; or (ii) complete the transaction contemplated by this Agreement and receive from the transferring party an assignment of all condemnation or eminent domain awards, payments or rights otherwise belonging to such party in connection therewith.

13. Closing Expenses. In addition to the obligations specified previously in this Agreement, the expenses of this transaction shall be paid as follows:

(a) The parties shall each pay for one-half (1/2) of the cost of all of the following: (i) all revenue stamps required to be affixed to the deeds for the Exchanged Premises; (ii) drawing and recording of the deeds for the Exchanged Premises; (iii) all other documents to be furnished by Mercantile or the City; (iv) all other closing and escrow fees;

(b) Adjustments as to: (a) real estate taxes and special assessments for the year in which the Closing Date falls; (b) water and sewer charges; (c) gas, electricity, other utility charges and all other appropriate charges shall be prorated by the parties as of the Closing Date. Ad valorem, general and other taxes relating to the Exchanged Premises for all years prior to the year in which the Closing Date falls shall be paid on or prior to the Closing Date, by the owner of the applicable Exchanged Premises as of the date of this Agreement.

(c) Mercantile and the City shall each be responsible for their own legal, accounting, and other professional fees, and for costs for any appraisals, Surveys, or Environmental Audits obtained with respect to the Exchanged Premises.

Any closing or other costs not specifically accounted for within this Section 13 or in other provisions of this Agreement shall be split equally between Mercantile and the City.

14. Remedies Upon Default. If either party shall default under this Agreement, including without limitation the breach of any warranty or representation of such party set forth in Section 11 of this Agreement, then the non-defaulting party shall have against the defaulting party the remedy of terminating this Agreement, in addition to remedies for indemnification pursuant to this Agreement to the extent such obligation of the parties extends beyond termination of this Agreement.

15. Binding Effect; Non-Exclusivity. This Agreement shall bind and inure to the benefit of Mercantile, the City and their respective successors and assigns. Either party shall be entitled to assign this Agreement without the prior written consent of the other party. Notwithstanding any provision of this Agreement to the contrary, the parties agree that

Mercantile may direct the City to convey the City Hall Premises at Closing to 515 West Washington Holdings, LLC, an Arkansas limited liability company.

16. Notices. All notices and demands hereunder shall be in writing and personally delivered or mailed by registered or certified United States mail, return receipt requested, postage prepaid to:

If to Mercantile: Mercantile Center, LLC.  
c/o NAI/Halsey Commercial Real Estate Services Worldwide  
P.O. Box 19129  
Jonesboro, Arkansas 72403  
Attn: Jerry Halsey, Jr.

And a copy to: Jeb Joyce, Esq.  
Quattlebaum, Grooms, Tull & Burrow PLLC  
4100 Corporate Center Drive, Suite 310  
Springdale, AR 72762  
Voice (479) 444-5200  
Facsimile (479) 444-6647

If to the City: City of Jonesboro, Arkansas  
410 West Washington Avenue  
Jonesboro, Arkansas 72401  
Attn: Phillip Crego, City Attorney  
Voice (870) 932-0917  
Facsimile (870) 933-4628

All notices and demands shall be effective upon receipt if personally delivered or two (2) business days after the date of mailing if mailed. Notice of a change in the foregoing addresses shall be given in compliance with this Section 16.

17. Counterparts. This Agreement may be executed in multiple counterparts each of which shall be regarded as an original hereof but all of which together shall constitute one in the same.

18. Construction. This Agreement and all provisions contained herein have been jointly drafted (or reviewed and negotiated) and agreed to by both Mercantile and the City, Mercantile and the City each having the benefit and advice of legal counsel, and shall be construed accordingly.

19. Captions. All captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend the scope or intent of this Agreement or any provisions hereof.

20. Governing Law and Invalidity. This Agreement shall be governed by the laws of the State of Arkansas.



21. Entire Agreement. This Agreement shall, upon its execution, constitute the entire agreement and understanding of Mercantile and the City and shall not be altered, modified or changed unless the same is in writing and executed by Mercantile and the City. Specifically, all oral or written agreements between Mercantile and the City are superseded by this Agreement.

22. Pronouns. In this Agreement, the use of any gender shall be deemed to include all genders and the use of the singular shall include the plural, wherever it appears appropriate from the context.

23. Severability. If any part of this Agreement or any other agreement entered into pursuant hereto is contrary to, prohibited by or deemed invalid under applicable law or regulation, such provision shall be deemed inapplicable and deemed severed from this Agreement to the extent so contrary, prohibited or invalid but the remainder of this Agreement shall not be invalidated thereby and shall be given full force and effect so far as possible.

24. Time is of the Essence. The parties specifically agree time is of the essence with regard to all provisions of this Agreement.

25. Brokers and Sales Commissions. Mercantile and the City agree that in the event any claim by a broker is made for a broker's commission as a result of this Agreement, the respective party shall indemnify, defend and hold the other party harmless from and against any and all liabilities arising out of such claims, including, without limitation, reasonable attorneys' fees, arising out of or connected with any claim by any broker that alleges employment by, negotiation for or dealing with the respective party. Notwithstanding the foregoing, Seller and Buyer agree Halsey Inc., d/b/a NAI/Halsey Commercial Real Estate Services Worldwide represents Seller, such fact having been previously disclosed and known to Buyer, and Halsey Inc., d/b/a NAI/Halsey Commercial Real Estate Services Worldwide shall be entitled to a broker's commission to be paid by Seller at Closing, pursuant to separate agreement.

IN WITNESS WHEREOF this Agreement has been duly executed by the City and by Mercantile on this 24th day of August, 2012.

CITY:

**THE CITY OF JONESBORO, ARKANSAS,**

MERCANTILE:

**MERCANTILE CENTER, LLC.,**  
an Arkansas limited liability company

By: 

Name: Mark Duckworth

Title: Member

## **EXHIBIT A**

### **[LEGAL DESCRIPTION OF THE MERCANTILE CENTER PROPERTY]**

**Tract 1: Lots 3, 4, 5, The North 8 feet of the West 125 feet of Lot 7, and Lots 8, 9 and 10 of Stephenson's Church Street Addition to the City of Jonesboro, Arkansas, LESS AND EXCEPT: The North 20 feet of Lots 3 and 10 of Stephenson's Church Street Addition to Jonesboro, Arkansas, including the North 20 feet of an abandoned alley lying between said lots; ALSO LESS AND EXCEPT: Beginning at the Southwest corner of the intersection of Creath Avenue and East Street in the City of Jonesboro; thence South perpendicular to Creath Avenue 227.5 feet; thence West 2.74 feet; thence North perpendicular to Creath Avenue 227.5 feet; thence East 2.74 feet to the point of beginning, being a part of Lots 3, 4, 5 and 6 of Stephenson's Church Street Addition to the City of Jonesboro, Arkansas.**

**Tract 2: Lots 9, 13, 14, 15, 16, 18, 19, 20 and 21; the West Half of Lot 17; and the East Half of Lot 17 less and except the following: Part of the East Half of Lot 17, Block "A" of Thorn's Church Street Addition to the City of Jonesboro, Arkansas, more particularly described as follows: Begln at the Southwest corner of the East Half of Lot 17 aforesaid; thence East along the South line of Lot 17, 7 feet 3 inches; thence North to the North line of Lot 17 and a point which is 9 feet East of the Northwest corner of the East Half of Lot 17; thence West 9 feet to said Northwest corner; thence South along the one-half lot line to the point of beginning.**

**Tract 3: Lot 8, Block A, Thorn's Church Street Addition to the City of Jonesboro, Arkansas.**

**Tract 4: Lot 6 and all of Lot 7, less the North 8 feet of the West 125 feet thereof, in Stephenson's Church Street Addition to Jonesboro, Arkansas.**

**EXHIBIT B**

[LEGAL DESCRIPTION OF THE CITY HALL PROPERTY]

**Tract 1: Lots 1, 2 and 3 of Bicentennial Subdivision, Jonesboro, Arkansas, as per plat thereof recorded in Deed Record 198, page 87, subject to easements in favor of City Water and Light Plant recorded in Deed Record 233, page 37 and subject to easement in favor of First National Bank of Jonesboro, recorded in Deed Record 265, page 596, subject to existing easements, building setback lines and restrictions of record, if any.**

**Tract 2: The West 100 feet of Lot 2 and the East 5 feet of Lot 3 in Block 12 of Flint's Addition to the City of Jonesboro, Arkansas.**