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SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT made this 11th day of September, 1978,
by and between HISTORIC ANNAPOLIS, INC., a body corporate of the State of
Maryland (hereinafter referred to as Sublessor) and MANUS MCGARVEY'S SALOON,
LTD., a body corporate of the State of Maryland (hereinafter referred to as
Sublessee) expresses the agreement of the parties as follows:

WHEREAS, it is the intention of the parties hereto to provide
for the restoration of 10 Market Space (historically known as John & George
Barbers Store and Warehouse) situate in the City of Annapolis in accordance
with certain plans, specifications and standards, and

WHEREAS, the premises known as 10 Market Space has been leased
to Historic Annapolis, Inc., under a lease management agreement between
Historic Annapolis, Inc., and the Board of Public Works, the Maryland
Historical Trust, an agency of the Department of Economic and Community
Development of the State of Maryland, dated the _____ day of _____, 1978,
a copy of which is attached hereto marked "Exhibit A", and is incorporated
hereto in pertinent parts, and

WHEREAS, it is the intention of the parties hereto that the
certain plans, specifications and standards shall accommodate the sublessee's
intended use of the building as a restaurant, and

WHEREAS, the aforesaid restoration, renovation and preservation
of the premises are to be performed by the Sublessee hereunder under the
supervision of Historic Annapolis, Inc., in conformity with plans and specific-
ations approved by Historic Annapolis, Inc., and the Maryland Historical
Trust.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

In consideration of the mutual covenants and agreements herein-
after expressed, the Sublessor and the Sublessee covenant and agree as
follows:

1. The Sublessor does hereby sublease and rent unto Manus
McGarvey's Saloon, Ltd., its successors and assigns, that lot of ground and
improvements thereon, situate, lying and being in the City of Annapolis and herein-

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after referred to as 10 Market Space as more fully described in the attached "Exhibit B", except that the premises leased hereunder include only that portion of Exhibit B marked with parallel diagonal lines.

2. The term of this sublease shall be forty (40) years less one (1) day and shall commence on the day that the lease agreement between the Board of Public Works, the Maryland Historical Trust and Historic Annapolis, Inc., commences (attached hereto as "Exhibit A") and shall terminate one (1) day in advance of that lease agreement. Should the lease agreement between Maryland Historical Trust and Historic Annapolis, Inc., be extended beyond the forty (40) year term, the Sublessor agrees to determine a fair rental value for the premises, should the Sublessor desire to continue to sublease the premises, and shall offer to rent the premises at the fair rental value first to the Sublessee and then to others if the Sublessee declines the offer.

3. The Sublessee covenants and agrees that it shall, where possible, perform and be responsible for any and all obligations required of the Sublessor (Historic Annapolis, Inc.) under its lease agreement with the Maryland Historical Trust and shall also comply with and perform all obligations, conditions, stipulations required of a sublessee under that lease agreement marked "Exhibit A". These obligations shall include but not be limited to the following: complete renovation, restoration and preservation of 10 Market Space pursuant to the plans and specifications approved by Historic Annapolis, Inc., and the Maryland Historical Trust; payment of any and all taxes, utilities and costs incident to the restoration, renovation, preservation and use of the premises, upon the signing of this agreement. The Sublessee further covenants and agrees to indemnify and hold Historic Annapolis, Inc., harmless from any and all claims arising out of its tenancy hereunder, including claims of contractors, sub-contractors and others for the costs of renovation, restoration and preservation of the premises and any and all claims made against Historic Annapolis, Inc., arising out of this agreement.

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4. The annual rental of the premises leased herein shall be \$5,500.00 with the first year's annual rental payable in advance upon the signing of this agreement. From the commencement of the term the tenant shall have eighteen (18) months during which time the rent shall be abated within which to complete the restoration and renovation of 10 Market Space. Should the renovation and restoration be completed in less time than eighteen (18) months the rent shall begin accruing from the day the premises are substantially completed, such substantial completion to be conclusively determined by Historic Annapolis, Inc., or the opening of the premises for business whichever occurs first. The Sublessee covenants and agrees not to open the premises for business until the premises have been substantially completed to the satisfaction of the Maryland Historical Trust and Historic Annapolis, Inc.; and the Sublessee further covenants and agrees to complete the restoration and renovation of the premises pursuant to the plans and specifications approved by Historic Annapolis, Inc., and the Maryland Historical Trust on or before twenty-four (24) months from the commencement of this sublease. Following the first eighteen (18) months of this term, the substantial completion of the premises, or the opening of the premises for business, whichever occurs first, the rental shall be due and payable semi-annually one year from the date of the first to occur of any such event and a pro rata share of the annual rental shall be paid based on the then remaining months in that calendar year. For example if the building is substantially completed or business begins on August 1, 1979, on August 1, 1980, a rental payment would be due for August, September, October, November and December 1980 in the amount of \$2,293.30. Thereafter rental payments shall be paid semi-annually on March 31 and September 30 of each and every succeeding year.

5. Any payments required to be made by the Sublessee hereunder or by virtue of the obligations it has assumed for Historic Annapolis, Inc., under "Exhibit A" or as the Sublessee under "Exhibit A", shall be considered to be additional rent. Should the Subtenant fail or refuse to pay for any of the items required under this sublease or the lease agreement between Historic Annapolis, Inc., and the Maryland Historical Trust, within

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thirty (30) days of notice of such default by the Sublessor, the Sublessor at its option may declare that this sublease is null and void, and may pursue all legal remedies to redress the default available to it under Maryland law.

6. The annual rental due hereunder shall be increased five years from the commencement of this sublease and for each five year period thereafter, including any renewal or extension thereof by one-half of the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, Baltimore, Maryland, all Items, Series A, (1967 = 100) as published by the U. S. Department of Labor, Bureau of Labor Statistics (the "CPI") calculated as follows:

$$\frac{\text{CPI(B)} - \text{CPI(A)}}{\text{CPI(A)}} \div 2 \times \text{"current rent"} = \text{"adjustment to current rent."}$$

For the purposes of this subparagraph, CPI(A) shall be defined as the CPI last published prior to the beginning of each five year period, CPI(B) shall be defined as the CPI last published prior to the end of each five year period, and "current rent" shall be defined as the rent payable during the last full year of the most recent five year period. For example, if this lease had commenced May 1, 1971 (CPI(A) = 122.1) and the "current rent" during the initial five year period was \$12,000.00 per annum, as of May 1, 1976 (CPI(B) = 170.4) the following adjustment would be made:

$$\frac{170.4 - 122.1}{122.1} \div 2 = 19.78\% \times \$12,000 = \$2,373.46.$$

The rent would accordingly be adjusted to \$14,373.46. If the base year for the CPI shall be modified, the computation set forth above shall be appropriately adjusted, or if the publication of the CPI shall be discontinued, the nearest comparable index then regularly published shall be substituted. In no event, however, shall the rental hereunder ever be less than \$5,500.00 per annum, nor exceed 22% of the rental paid in the year prior to the increase.

7. In addition to the rent provided above, Sublessee shall pay all real estate taxes, general and special, ordinary and extraordinary, levied or assessed upon the premises or the property upon which said premises are situate, including any front foot benefit charges adjusted

to the commencement date of the term of this sublease and adjusted between the parties in the year in which this sublease terminates, including any increase in taxes during the term of this sublease whether such increase resulted from an increase in the assessed value of the premises or land on which the premises are situate or by increase of the applicable tax rate. If the system of real estate taxation shall be altered or varied, and any new tax or levy shall be levied or imposed upon said land and improvements and/or on the Sublessor in addition to or in substitution for real estate taxes presently levied or imposed on immovables in Annapolis, Maryland, then any such new tax or levy shall be included within the term "real estate taxes" as hereinbefore used.

In addition the Sublessee covenants and agrees to pay for any and all utilities and other charges levied against the premises during the term hereunder provided.

8. Following the renovation of the premises the Sublessee shall not make any additions, alterations or other improvements at any time in, on or about 10 Market Space or the premises leased herein including the placing of any signs or painting without the written consent of the Sublessor, which consent shall not be unreasonably withheld. The Sublessee shall be responsible for payment of the costs and expenses of any alterations, additions or improvements authorized by the Sublessor hereunder and shall not encumber the building or incur any liability on behalf of the Sublessor for the payment of such additions, improvements or alterations.

All trade fixtures installed by Sublessee in the demised premises, other than improvements made by Sublessee to the premises shall remain the property of the Sublessee and shall be removable from time to time and also at the expiration of the term of this Sublease or other termination thereof, provided Sublessee shall not at such time be in default of any covenant or agreement contained in this Sublease; otherwise, such property shall not be removable and Sublessor shall have a lien on said fixtures to secure itself against loss and damages resulting from said default or defaults by Sublessee.

9. Sublessee shall during the lease term, keep the leased premises and the improvements and appurtenances therein in good order and condition, and at the expiration of the lease term, or at the sooner termination of this Sublease as herein provided, deliver up the same in the good order and condition, ordinary wear and tear excepted, as at the completion of the renovation and restoration of the premises, broom clean, damage by fire or other insured casualty excepted; and, Sublessee shall remove all of its property therefrom prior to such termination. Sublessee shall pay for all damage to the building, its fixtures and appurtenances, as well as all damage sustained by the Sublessee or occupants of the building due to any waste, misuse, or neglect of the leased premises, its fixtures and appurtenances, by Sublessee, its employees or any other person or persons upon the leased premises. Sublessee shall not place a load upon any floor of the leased premises exceeding the floor load per square foot which such floor was designed to carry and which may be allowed by law. The parties acknowledge that the Sublessor has no duty to repair any damage to the premises or any duty to maintain the premises; however, should the Sublessee fail to repair and/or maintain the premises in good order, the Sublessor, after ten (10) days notice to the Sublessee and an opportunity to make the necessary repairs and improvements, may make such repairs and charge the costs to the Sublessee as additional rent.

The Sublessee covenants and agrees that at the end of the term or any extension of the lease it will cause the 10 Market Space to be severed and separated from 8 Market Space and shall restore 10 Market Space so that the building will be unjoined, and a wholly separate premises from 8 Market Space; such work to be commenced upon the termination of this lease and completed on or before 90 days thereafter.

10. Sublessee hereby expressly agrees that Sublessor shall not be liable or responsible in any manner for any damage or injury to the person or property of Sublessee (including, but not limited to, the leased premises) or the person or property of any other person or entity directly or indirectly caused by (i) dampness of water in any part of the

leased premises or in any other part of the building and/or the real property and/or by any leak or break in any part of the leased premises, in any other part of the building and/or the real property and/or in the pipes of the plumbing or heating works thereof, no matter how caused; (ii) theft; (iii) fire or other casualty; and/or (iv) any other cause whatsoever. Sublessee hereby expressly agrees that Sublessor or its agents shall not be liable for any interference with light, air, or other hereditaments.

Sublessee will indemnify and hold Sublessor harmless from any such liability.

Sublessee shall indemnify and hold harmless Sublessor, the State of Maryland, and the U. S. Department of Housing and Urban Development for all losses, costs and expenses (including attorneys' fees), settlement payments, and, whether or not reduced to final judgment, all liabilities, damages, or fines paid, incurred or suffered by them; (i) by reason of any breach, violation and/or nonperformance by Sublessee or Sublessee's employees, agents, licensees, invitees, or visitors, of any covenants or provision of this lease; (ii) by reason of or arising out of the occupancy or use by Sublessee of the leased premises, the building and/or the real property, or any part of either; (iii) by reason of or arising out of any claim, action, suit or proceeding, threatened, instituted and/or made against Sublessor arising out of or in connection with Sublessee's use and/or occupancy of the leased premises; and/or (iv) from any other cause whatsoever due to the carelessness, negligence, intentional, wanton and/or improper conduct of Sublessee and/or Sublessee's contractors, servants, employees, agents, licensees and/or invitees.

11. The Sublessee will keep in force at its own expense during the term of this lease, public liability insurance with respect to the demised premises in companies acceptable to Sublessor and in a policy, or policies, the form of which is or are satisfactory to the Sublessor, covering both Sublessor and Sublessee with minimum limitations of \$300,000.00 on account of bodily injury to or death to one person, and \$500,000.00 on account of bodily injury to or death of one or more persons as the result of any one

accident or disaster, and Sublessee will deposit the policy or policies of insurance or certificates thereof with Sublessor. If at any time Sublessee does not comply with the covenants made in this paragraph, the Sublessor may, at its option, cause insurance as aforesaid to be issued and in this event, Sublessee agrees to pay the premiums for such insurance as promptly as the Sublessor may demand. Such premiums if paid by the Sublessor shall be considered additional rent.

12. Sublessee shall provide and maintain at its own expense fire and extended coverage insurance, naming the Maryland Historical Trust, Historic Annapolis, Inc., and itself, as their interests may appear, in the amount of \$100,000.00 or for the full replacement cost of the building with a cost of living clause. The policy shall be non-cancellable except upon two (2) weeks written notice to Historic Annapolis, Inc., and the Maryland Historical Trust; a copy of the policy or satisfactory evidence thereof shall be provided to the Sublessor.

This coverage is in addition to the State's blanket insurance policy on State buildings which has a \$100,000.00 deductible and shall be paid to the parties as their interests may appear at the time of the loss.

13. If the demised premises shall be damaged by fire, the elements, unavoidable accident or other casualty, the Sublessee shall cause such damage to be repaired and the rent shall not be abated. If the building is totally destroyed or damaged to such an extent in the opinion of the Maryland Historical Trust that repair and restoration are not feasible, the proceeds of insurance may be used to reproduce and rebuild the premises pursuant to plans and specifications approved by the Maryland Historical Trust.

14. If the entire leased premises shall be taken, leased, or condemned (either temporarily or permanently) for public purposes, or in the event Sublessor shall convey or lease the property to any public authority in settlement of a threat of condemnation or taking, the rent shall be

adjusted to the date of such taking or leasing or conveyance, and this lease shall thereupon terminate. If only a portion of the leased premises shall be so taken, leased or condemned, and as a result of such partial taking, Sublessee is reasonably able to use the remainder of the leased premises for the purposes intended hereunder, then this lease shall not terminate but, effective as of the date of such taking, leasing or condemnation, the rent hereunder shall be abated in an amount thereof proportionate to the area of the leased premises so taken, leased or condemned. If, following such partial taking, Sublessee shall not be reasonably able to use the remainder of the leased premises for the purposes intended hereunder, then this lease shall terminate as if the entire leased premises had been taken, leased or condemned. In the event of a taking, lease or condemnation as described in this section, whether or not there is a termination hereunder, Sublessee shall have no claim against Sublessor, other than an adjustment of rent, to the date of taking, lease or condemnation, and Sublessee shall not be entitled to any portion of any amount that may be awarded as damages or paid as a result or in settlement of such proceedings or threat that relates to land and building, but shall be entitled to any portion of any amount that may be awarded that relates to the business, equipment, fixtures, etc., of the Sublessee.

15. The Sublessee agrees to display a plaque or sign approved by the Maryland Historical Trust and Historic Annapolis, Inc., on the premises giving proper credit to them for their efforts in the restoration of the premises.

16. The Sublessee shall not assign or sublet the premises in whole or in part nor allow others to use the premises without the prior written consent of the Sublessor, such consent not to be unreasonably withheld.

17. The U. S. Department of Housing and Urban Development and the Maryland Historical Trust shall upon two weeks written notice be able to inspect the premises to see if the restoration is proceeding according to the approved plans and specifications and whether the premises is being managed and maintained in conformity with this Sublease. Historic Annapolis, Inc., shall have the right to inspect premises from time to time during the restoration work and thereafter to insure that the work progresses according



to approved plans and specifications and to insure that the use of the premises is in conformity with the purposes, terms and conditions of this Sublease.

18. The Sublessee has read the Lease Agreement attached as "Exhibit A" and agrees to comply with Paragraphs 7, 8 and 16 with regard to the conditions and approvals required by the U. S. Department of Housing and Urban Development. Further, Sublessee acknowledges the requirement that all contracts for over \$2,500.00 for restoration work must be awarded to the lowest responding bidder unless this procedure is waived by the U. S. Department of Housing and Urban Development.

Sublessee will not contravene any of the provisions of "Exhibit A" which in pertinent parts is a part hereof and will hold Historic Annapolis, Inc., harmless if Historic Annapolis, Inc., is unable to perform hereunder because required approvals of the U. S. Department of Housing and Urban Development and the Maryland Historical Trust are not received.

19. Whenever under the terms of this lease any sum of money is required to be paid by Sublessee in addition to the rental herein reserved, whether such payment is to be made to Sublessor or to any other party, and said additional amount which Sublessee is to pay is not designated as "additional rent", or provision is not made for the collection of said amount as "additional rent", then said amount shall nevertheless, at Sublessor's option, if not paid when due, be deemed "additional rent", and shall be collectible as such with the first installment of rent thereafter falling due hereunder.

20. If any sale of Sublessee's interest in the demised premises shall be made under execution or similar legal process, or if Sublessee shall be adjudicated a bankrupt or insolvent, and such adjudication is not vacated within 10 days, or if a receiver or trustee shall be appointed for its business or property and such appointment shall not be vacated within 10 days, or if a corporate reorganization of Sublessee or an arrangement with its creditors shall be approved by a court under the Federal Bankruptcy Act,

or if Sublessee shall make an assignment for the benefit of creditors, or if in any other manner, Sublessee's interest under this lease shall pass to another by operation of law, then, and in any of said events, Sublessor may, at its option, reenter the premises and declare this lease and the tenancy hereby created terminated.

21. (a) If the rent agreed to be paid, including all other sums of money which under the provisions hereof may be considered as additional rent, shall be in arrears in whole or in part for ten or more days, Sublessor may distrain therefor. If Sublessee shall violate any covenant, including the covenant to pay rent, made by it in this lease and shall fail to comply with said covenant within 10 days after being sent written notice of such violation by Sublessor, Sublessor may, at its option, reenter the premises and declare this lease and the tenancy hereby created terminated; and Sublessor shall be entitled to the benefit of all provisions of the Public Local Laws of Anne Arundel County or the Public General Laws of Maryland respecting the speedy recovery of lands and tenements held over by tenants or proceedings in forcible entry and detainer. Sublessee further agrees, that notwithstanding such entry, Sublessee shall remain liable for any rent or damages which may be due or sustained prior thereto, and Sublessee shall further be liable, at the option of Sublessor, for sums of money as liquidated damages for the breach of any covenant to be calculated in that one of the following two methods which may be designated by Sublessor in or after said notice of termination: (1) Sublessee shall pay to Sublessor the difference between the rent reserved under this lease for the balance of the term and the fair rental value of the premises for the balance of the term to be determined as of the date of reentry; or (2) Sublessee shall pay the amount of the rent reserved under this lease at the times herein stipulated for payment of rent for the balance of the term, less any amount received by Sublessor during such period from others to whom the premises may be rented on such terms and conditions and at such rentals as Sublessor, in its sole discretion, shall deem proper. In the event Sublessor brings any action against Sublessee to

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enforce compliance by Sublessee with any covenant or condition of this lease, including the covenants to pay rent because of any default in performing or complying with any such covenant or condition, then and in such event, Sublessee shall pay to Sublessor all costs and expenses incurred by Sublessor in bringing and prosecuting such action against Sublessee, including a reasonable attorney's fee.

(b) In the event Sublessee fails to pay Sublessor any rental payment or other charge due hereunder within 10 days from the date on which any such payment was due, Sublessor may, at its option, charge Sublessee a late charge equal to 15% of the rental payment or other such charge, which late charge shall be collectible as additional rent and shall be payable by Sublessee to Sublessor within five days after written notice from Sublessor to Sublessee assessing the same. In addition, any such rental payment or other charge which is delinquent for five days or more, shall bear interest from the date on which same was due at the rate of 8% per annum until the date upon which payment is made.

22. No mention in this lease of any specific right or remedy shall preclude Sublessor from exercising any other right or from having any other remedy or from maintaining any action to which it may be otherwise entitled either at law or in equity; and the failure of Sublessor to insist on any one or more instances upon a strict performance of any covenant of Sublessee under this lease or to exercise any option or right herein contained shall not be construed as a waiver or relinquishment for the future of such covenant, right or option, but the same shall remain in full force and effect unless the contrary is expressly waived in writing by Sublessor.

23. It is the goal of the Maryland Historical Trust, Historic Annapolis, Inc., and Manus McGarvey's Saloon, Ltd., to cooperate in the restoration, renovation and preservation of 10 Market Space. Any disagreements between them regarding the plans and specifications for the premises will be resolved swiftly and harmoniously by informal negotiation so that the project can proceed without delays. The Sublessee will work closely with

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Historic Annapolis, Inc., and Historic Annapolis, Inc., shall have the right to approve the contractor and architect selected by the Sublessee to complete the restoration and renovation of 10 Market Space.

In addition, the Sublessee agrees to have its architect consult with Historic Annapolis, Inc., and Russell Wright, Consultant in Historic Preservation and acknowledges receipt of Mr. Wright's preliminary analysis and "Conjectural Restoration" attached hereto as "Exhibit C".

In the event that there is a disagreement regarding the approval of plans and specifications or the conduct of the restoration pursuant to those plans and specifications the decision of Historic Annapolis, Inc., shall be conclusive and final, but must be reasonable in accord with the intention of the parties as set forth in this sublease agreement.

24. Sublessee covenants and agrees to execute and comply with all laws, rules, orders, directions and requirements of all governmental departments, bodies, bureaus, agencies and officers, and with all rules, directions requirements and recommendations of the local board of fire underwriters and the fire insurance rating organizations having jurisdiction over the area in which the demised premises are situated, or other bodies or agencies now or hereafter exercising similar functions in the area in which the demised premises are situated, in any way pertaining to the demised premises or the use and occupancy thereof. In the event Sublessee shall fail or neglect to comply with any of the aforesaid laws, rules, orders, directions, requirements or recommendations, insuring against loss or damage by fire or other hazards, including, but not limited to, public liability, or which will prevent Sublessee from procuring such policies in companies reasonably acceptable to Sublessor.

25. If any terms, conditions, covenants, clauses or provisions of this lease is declared invalid by a court of competent jurisdiction, the validity of the remainder of this lease shall not be affected but shall remain in full force and effect.

26. This sublease is expressly contingent upon the signing of "Exhibit A" and the required approval of the sublease by the Maryland

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Historical Trust and the U. S. Department of Housing and Urban Development.

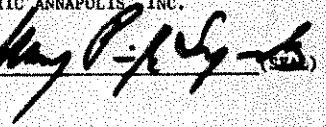
27. Historic Annapolis, Inc., or the lessors under "Exhibit A" may terminate the lease agreement contained in "Exhibit A" and this Sublease should the lessors under "Exhibit A" and Historic Annapolis, Inc., determine that the Sublessee is not capable of performance hereunder due to lack of funds, provided sixty (60) days written notice is given to Sublessee.

28. The Sublessee has the right to prepare the interior of the building including surfaces and mechanical improvements to accomodate its intended commercial use so long as such preparation is subject to the provisions of paragraph 3, hereunder.

29. Modification or amendments of this Sublease must be in writing, signed by the parties.

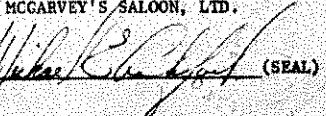
WITNESS:

HISTORIC ANNAPOLIS, INC.

By  (SEAL)

WITNESS:

MANUS MCGARVEY'S SALOON, LTD.

By  (SEAL)