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LEASE AGREEMENT

THIS LEASE AGREEMENT entered into by and between SANTA ROSA ISLAND AUTHORITY, herein called "Authority", as an agency of Escambia County, Florida, and CHARLES S. LIBERIS, JR., as Trustee under a Trust Agreement dated the 14th day of March, 1973, herein called "Lessee",

W I T N E S S E T H:

WHEREAS, the Lessee is the Assignee of a certain Development Agreement and Option to Lease by and between the Authority and Octavio, Inc., dated January 18, 1971, covering the real estate described herein; and

WHEREAS, Lessee is now desirous of exercising said Option Agreement as per the terms of that agreement and the Authority is agreeable of granting said lease; and

WHEREAS, (1) The Authority does hereby grant, demise and lease to the Lessee for the full period of ninety-nine (99) years from the date hereof, or until this lease is sooner terminated as herein provided, the following described property on Santa Rosa Island in Escambia County, Florida, to-wit:

See Exhibit "A" attached hereto.

*increase
190 30%*

(2) Lessee covenants and agrees to pay to the Authority an annual minimum rental of \$7,790.00 payable annually in advance. Receipt of the first year's minimum rental is hereby acknowledged. This minimum rental is subject to adjustment to reflect changes in the cost of living, if any, in accordance with the most recent U.S. Department of Labor Consumer Price Index (or an equivalent cost of living index of some other appropriate governmental agency adopted by the Authority), such adjustments to be made every five (5) years in each calendar year that is divisible by 5 beginning with the year 1975. It is intended that the minimum annual rental payable hereunder will be increased or decreased in proportion to the changes reflected in such index over the figures reflected in the index last published prior to the date of this lease or the date of the last prior adjustment.

(3) Said property is leased to Lessee as multi-family residential property and for the purpose of constructing, maintaining, leasing or renting residential units and apartments, including condominium type apartments. Lessee covenants and agrees to erect and complete on the demised premises, according to and in conformity with plans to be approved by the Authority, and to be located on said property in a manner mutually agreeable to the Authority and the Lessee, one or more buildings with not less than a total of sixty (60) residential or apartment units. Construction thereof shall commence not later than May 1, 1973 and the required minimum number of units shall be fully completed and ready for occupancy not later than May 30, 1975, unless the times so fixed are extended for good cause by the Authority.

(4) The Authority will, upon request, grant to Lessee the right to sell and serve meals, beverages, tobacco, candy and the like, to operate service type businesses such as laundry, beauty shops, barber shops and the like, and to sell or rent beach and bathing equipment such as umbrellas, cabanas, games or other contrivances or devices, to guests and others on the demised premises, upon the same terms and on the same percentage agreement or other consideration as the Authority is then charging or requiring for similar rights and concessions on the Island; provided, the request, if granted, will not conflict with any existing exclusive agreement or special concessions with others. Any rental or consideration payable to the Authority under this paragraph shall be in addition to all other amounts payable hereunder. No such businesses or services, or any other business or service, may be operated on the demised premises without the prior written consent of the Authority pursuant to this paragraph.

(5) The Lessee further agrees to pay to the Authority as additional rental 5% of the gross receipts from charges or rentals for the use and occupancy of each of the residential or apartment units on the demised premises, the rentals or receipts from each such unit to be accounted for separately and the percentage rental to apply to each unit separately. However, credit shall be given for each unit's pro-rata part of the minimum annual rental arrived at by dividing such minimum annual rental by the number of residential or apartment units on the premises, or by such modification of this allocation as the parties may mutually agree upon, and no percentage rental shall be payable on a unit until its said percentage exceeds such unit's allocated part of the minimum rental. Credit shall be given to the Lessee on any percentage rental payable by the Lessee for percentage rentals received for the use and occupancy of any unit by persons other than direct sub-lessees or renters from the Lessee to avoid the application of duplicating percentage rentals over any period of time.

(6) It shall be the responsibility of the Lessee to see that all percentage rentals are collected and paid to the Authority promptly with respect to each unit on the demised premises, not only as to rentals payable to the Lessee by sub-lessees or tenants of lessee but also as to any rentals payable for the use, enjoyment or occupancy of any of the units or facilities by other persons or parties renting from Lessee's sub-tenants or renters or any other intermediate parties. Lessee shall also be responsible for the proper reporting and accounting for all such rentals. The Authority may prescribe appropriate forms and procedures for reporting and enforcing percentage rentals.

(7) The term "gross receipts" shall mean the aggregate of all charges or rentals for the actual use, occupancy or enjoyment of any of said units, facilities or accommodations, whether such rentals or charges are payable to the Lessee, to a sub-lessee or any other party, and shall also mean the price or consideration received for all merchandise of every kind sold or rented, and the charges or rentals for all services or facilities performed or furnished on or from the demised premises, whether by the Lessee, any sub-lessee or any other person, firm or corporation, whether for cash or for credit, but gross receipts shall exclude all returned merchandise accepted by the seller, all allowances made by the seller to the customer, and the amounts received for Florida sales taxes.

(8) Title to any building or other improvements of a permanent character that shall be erected or placed upon the demised premises by the lessee shall forthwith vest in said Escambia County, subject, however, to the term of years of this lease. In event Lessee shall not commence or complete the buildings herein required to be constructed within the times provided, and if the Authority shall give Lessee written notice to commence or complete the same by a date specified in such notice, which shall be at least sixty (60) days from the date of the giving of such notice, and if the Lessee shall fail to commence or complete said buildings on or prior to the date so specified, then and thereon the term of this lease shall cease on the date specified in said notice, in the same manner and with the same effect as if that were the expiration of the original term of this lease.

(9) In event of damage to or destruction of any building or improvement herein required to be constructed on the demised premises by fire, windstorm, water or any other cause whatsoever Lessee shall at its own cost within a reasonable time repair or rebuild such building or improvement so as to place the same in as good and tenantable condition as it was before the event causing such damage or destruction, and failure to do so shall constitute a breach of this lease. Subject to priority in favor of any mortgagee under a mortgage clause, all insurance proceeds for loss or damage to any improvements on the demised premises shall be payable to the Authority and Lessee jointly to assure the repair or replacement of such improvements and/or the leveling and cleaning of the demised premises. The Authority shall have a lien on all such insurance proceeds, regardless of whether it is named in the insurance policy, subordinate only to the claim of any mortgagee under a mortgage clause, to enforce the intent of the foregoing provision.

(10) It is recognized that one of the major purposes of this lease is to provide accommodations and services of high quality and attractiveness. To this end the Authority may from time to time prescribe special requirements relating to landscaping, terraces and patios, walls, fences, shrubbery, and similar improvements designed and intended to enhance and improve the general appearance and attractiveness of the demised premises. Such requirements and provisions may not operate retroactively as to any improvements previously constructed or authorized but may apply to landscaping around such improvements and elsewhere on the demised premises.

(11) Lessee may sell, assign or mortgage this lease, and may let or underlet the demised premises and portions thereof for the purposes stated in this lease, without the necessity for the prior written consent of the Authority. So long as a mortgagee keeps on file with the Authority a proper address, notice of any default by the lessee will be sent to the mortgagee at said address at the same time notice of default is sent to the Lessee, and this lease may not be terminated for such default until sixty (60) days after notice thereof has been received by such mortgagee, during which period either the mortgagor or mortgagee may make good the default.

(12) This lease and the demised premises are expressly subject to and bound by the covenants and restrictions applicable to property on the said Island dated February 10, 1949, and recorded in Deed Book 294, at Page 303 of the records of said County; and the said covenants and restrictions are made a part hereof, as if fully set forth herein.

(13) The Lessee, if required by the Authority, shall exclusively use, at such reasonable rates or charges as may be fixed or approved by the Authority from time to time, such public utilities and public services relating to health and sanitation as shall be made available from time to time by the Authority or by others under agreement with or license or permit from the Authority, including without limitation the following: electricity, gas, water, telephone and telegraph, sewerage and garbage collection or disposal. The reasonableness of rates fixed by the Authority shall always be subject to judicial review. By mutual agreement, separate utility services may be provided to individual units.

(14) Lessee further covenants and agrees as follows:

(a) To pay on behalf of the Authority, or to reimburse the Authority for all sums which the Authority shall become legally obligated to pay by valid judgment of a court having jurisdiction as damages arising from or growing out of any act or neglect of the lessee or its contractors, agents or servants in connection with any and all covenants, agreements, operations, undertakings, and doings on the demised premises or under this lease or any other agreement between the lessee and the Authority, and to reimburse the Authority for all expenses that may be incurred in investigating or resisting any claim that the Authority becomes legally obligated to pay as the result of such a judgment. The Authority shall promptly notify lessee of the institution of any suit that the Authority deems to be covered by this provision and shall permit lessee at its option to participate in the defense thereof; and lessee agrees to cooperate in the investigation and defense of any such suits.

(b) Not to use or occupy the demised premises for any purpose other than herein specified, nor permit the same or any part thereof to be used or occupied for any purpose or business other than herein specified, without the prior written consent of the Authority.

(c) Not to knowingly permit or suffer any nuisances or illegal operations or course of conduct of any kind on the demised premises.

(d) To record all charges or receipts in such form and manner, and to submit such reports, as the Authority may reasonably prescribe or require from time to time, and to furnish such other information appropriately requested by the Authority from time to time in connection with this lease. Lessee shall in addition require such record keeping, reporting and information in like manner from sub-lessees or tenants and any other person, firm or corporation selling merchandise, performing services or furnishing facilities or accommodations in, upon or from any part of the demised premises, and shall submit all such reports, accountings and information to the Authority at such times and in such manner as may be prescribed by the Authority.

(e) To maintain accurate and adequate records and books of account which shall be open to inspection and audit by the Authority at reasonable times and places.

(f) To permit representatives of the Authority to enter the demised premises at reasonable hours to examine the same and to inspect all operations of lessee in order to ascertain whether the terms of this lease are being complied with by the lessee.

(g) To charge and receive for merchandise and rentals and for other sales, services and accommodations prices comparable to the charges at other Gulf Beach resorts in Florida west of the Apalachicola River and elsewhere on the Island. The reasonableness of lessee's charges shall be subject to review by the Authority and lessee shall adjust its charges from time to time as may be required by the Authority, provided any changes ordered by the Authority are consistent with like charges for similar accommodations and services at such other resorts and elsewhere on the Island.

(h) To operate and conduct all businesses on the demised premises in a first class manner consistent with the public purpose to be served by Santa Rosa Island Authority and in the best interest of the public.

(i) The Authority may immediately terminate and cancel this lease if the lessee shall become insolvent or bankrupt, or shall make an assignment for the benefit of creditors.

(15) The Authority further covenants and agrees that if the Lessee shall pay the rent as herein provided and shall keep, observe and perform all of the other covenants of this lease to be kept, observed and performed by the Lessee, the Lessee shall peacefully and quietly have, hold and enjoy the said premises, for the term aforesaid.

(16) In case any portion of the rental is not paid on or before the time of payment herein fixed, or in case the Lessee shall default in the performance or breach any of the other covenants, conditions, terms and provisions of this lease and shall continue in such non-payment, default or

breach after thirty (30) days notice in writing from the Authority, the Authority, in any such event, may declare this lease terminated and may take possession of the demised premises and all the improvements thereon, and this lease shall be at an end in the same manner and with the same effect as if the original term of the lease had expired. All rentals shall bear interest at the rate of 6% per annum from their due date. In event the Authority gives the above mentioned thirty (30) day written notice of non-payment of rent the Lessee shall be required to pay a late penalty of 5% of, and in addition to, the rentals and interest otherwise due, and if the delinquent rentals and interest be accepted by the Authority after the expiration of said thirty (30) days and before the termination of the lease the Lessee shall pay a penalty of 10% of the amount due. If suit is filed by the Authority to enforce any of the provisions of this lease, or to terminate it, Lessee shall be required to pay a reasonable attorney's fee to the Authority's attorney and all costs of suit as a consideration to the continuance or reinstatement of this lease.. In consideration of the substantial investment to be made by Lessee in improvements on the demised premises the Authority agrees that Lessee shall not be liable for any rent for the unexpired portion of the original term of ninety-nine (99) years of this lease in event of any default by Lessee or Lessee's voluntary surrender of the demised premises to the Authority.

(17) Upon the expiration or sooner termination of this lease, Lessee shall be allowed a period of fifteen (15) days in which to remove all of its personal property, including furnishings, and Lessee shall surrender possession of the land and improvements in as good state and condition as reasonable use and wear will permit.

(18) No failure, or successive failures, on the part of the Authority to enforce any covenant or agreement, or no waiver, or successive waivers on its part of any condition, agreement, covenant or provision herein shall operate as a discharge thereof or render the same invalid, or impair the right of the Authority to enforce the same in event of any subsequent breach or breaches. The acceptance of rent by the Authority shall not be deemed a waiver by it of any earlier breach by the lessee, except as to such covenants and conditions as may relate to the rent so accepted.

(19) Each and all of the provisions, agreements, covenants and conditions of this lease shall extend to, and shall bind and be obligatory upon, or inure to the benefit of, the successors, sub-lessees, under-lessees and assigns of the parties.

(20) In the event any conflict should arise between the provisions of this Lease Agreement and that certain Development Agreement dated January 18, 1971, between the Authority and Octavio, Inc., recorded in Official Record Book 600, Page 863 of the public records of Escambia County, Florida, as amended or modified, the provisions of this Lease shall be controlled and shall supercede any provisions to the contrary which may be contained in the Development Agreement.

(21) The present address of Lessee to which the Authority may mail any and all notices which it may give under the terms of this Lease, is 703-705 South Palafox Street, Pensacola, Florida. Lessee assumes sole responsibility for filing with the Authority any change of address from that set forth immediately above, said change of address not being effective for the purposes of rendering notices as provided by this Lease until the Authority gives the Lessee evidence in

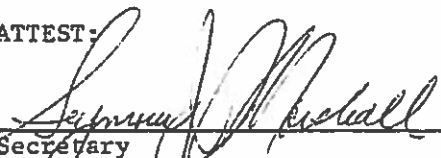
writing of its receipt of Lessee's address change.

IN WITNESS WHEREOF, this agreement is executed in
duplicate this 16TH day of March, 1973.

SANTA ROSA ISLAND AUTHORITY

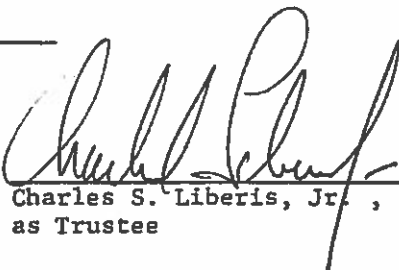
By:  (SEAL)
Chairman

ATTEST:

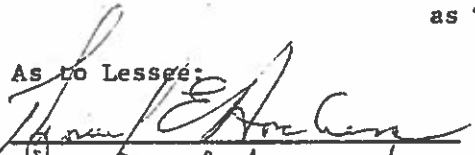

Secretary

Signed, sealed and delivered in the
presence of as to Santa Rosa Island
Authority:




Charles S. Liberis, Jr.,
as Trustee

As to Lessee:


Asan Magaka

STATE OF FLORIDA X

COUNTY OF ESCAMBIA X

BEFORE ME, the undersigned Notary Public, personally appeared CHAS. C. WHITE JR and SEYMOUR MARSHALL well known to me and known to me to be the Chairman and Secretary respectively of Santa Rosa Island Authority, and acknowledged that they executed the foregoing instrument for and in the name of said Authority, as its Chairman and Secretary respectively, and caused its seal to be thereto affixed, pursuant to due and legal action of said Authority authorizing them so to do.

WITNESS my hand and official seal this 16TH day of March, 1973.


Notary Public

My Commission Expires: 12/4/75

STATE OF FLORIDA X

COUNTY OF ESCAMBIA X

This day, before the undersigned personally appeared Charles S. Liberis, Jr., as Trustee, to me well known to be the individual described in and who executed the foregoing Lease Agreement, and acknowledged that he executed the same for the purposes therein expressed.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal, this 16TH day of March, 1973.


Notary Public

My Commission Expires: 12/4/75

"EXHIBIT A"

Commence at the Southeast corner of Block "C", 1st Addition to Villa Sabine Subdivision as recorded in Plat Book 5 at Page 75 of the Public Records of Escambia County, Florida;
Thence go South 89 degrees 50 minutes 20 seconds West along the Northerly Right-of-Way line of Ft. Pickens Road (State Road #399; 120 feet Right-of-Way) a distance of 324.00 feet to the Southwest corner of Lot 15, Block "A", Spanish Landing Subdivision as recorded in Plat Book 8 at Page 24 of the Public Records of Escambia County, Florida, and the Point of Beginning;
Thence continue South 89 degrees 50 minutes 20 seconds West along said Northerly Right-of-Way a distance of 376.00 feet;
Thence go North 00 degrees 00 minutes 00 seconds East parallel to the Easterly line of Block "C" a distance of 269 feet more-or less to the Mean-High-Water line of Little Sabine Bay;
Thence meander Northeasterly along the aforesaid Mean-High-Water line to a point where it intersects a line passed through the Point of Beginning having a bearing of North 00 degrees 09 minutes 40 seconds West, said line being the Westerly line of aforesaid Lot 15, Block "A", Spanish Landing Subdivision;
Thence go South 00 degrees 09 minutes 40 seconds East a distance of 290 feet more-or-less to the Point of Beginning.

A M E N D M E N T

STATE OF FLORIDA X

COUNTY OF ESCAMBIA X

This Amendment to that certain Lease dated the 16th day of March, 1973, by and between the Santa Rosa Island Authority, as Lessor, and Charles S. Liberis, Jr., Trustee, as Lessee, is hereby made, executed and delivered as of this 19th day of March, 1973, by and between the above parties.

W I T N E S S E T H

1. That paragraph (14)(i) of the above described instrument be and the same is hereby amended to read as follows:

(14)(i) The Authority may immediately terminate and cancel this lease if the Lessee, as Trustee (i) files a voluntary petition in bankruptcy or (ii) is adjudicated as a bankrupt or insolvent, or (iii) seeks or consents to or acquiesces in the appointment of any trustee, receiver, master or liquidator of all or any substantial part of the Leased Property or of any or all of the rents, revenues, issues, earnings, profits or income thereof; or (iv) makes any general assignment for the benefit of creditors, or (v) makes an admission in writing of the trust's inability to pay its debts generally as they become due; or (vi) has entered by a court of competent jurisdiction of an order, judgment or decree approving a petition filed against him, as Trustee, seeking any arrangement, composition, readjustment or similar relief under any present or future federal, state, or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, which order, judgment or decree remains unvacated and unstayed for an aggregate of sixty (60) days (whether or not consecutive) from the date of entry thereof.

IN WITNESS WHEREOF, this Amendment is executed in duplicate this 19th day of March, 1973.

ATTEST:

Secretary

SANTA ROSA ISLAND AUTHORITY

Chairman

(SEAL)

AMENDMENT
STRUCTURE

Signed, sealed and delivered in the
presence of as to Santa Rosa Island
Authority:

John L. Cook
James M. Sheffer

Charles S. Liberis, Jr.
Charles S. Liberis, Jr., as Trustee
Imke

As to Lessee:

John L. Cook
James M. Sheffer

STATE OF FLORIDA X

COUNTY OF ESCAMBIA X

BEFORE ME, the undersigned Notary Public, personally appeared CHAS. Q. WHITE JR and SEYMOUR MARSHAL well known to me and known to me to be the Chairman and Secretary respectively of Santa Rosa Island Authority, and acknowledged that they executed the foregoing instrument for and in the name of said Authority, as its Chairman and Secretary respectively, and caused its seal to be thereto affixed, pursuant to due and legal action of said Authority authorizing them so to do.

WITNESS my hand and official seal this 20th day of March, 1973.

John I. Cant
Notary Public
My Commission Expires: 12/4/75

STATE OF FLORIDA X

COUNTY OF ESCAMBIA X

This day, before the undersigned personally appeared Charles S. Liberis, Jr., as Trustee, to me well known to be the individual described in and who executed the foregoing Amendment, and acknowledged that he executed the same for the purposes therein expressed.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal, this 20th day of March, 1973.

John I. Cant
Notary Public
My Commission Expires: 12/4/75

STATE OF FLORIDA I

COUNTY OF ESCAMBIA I

BEFORE ME, the undersigned Notary Public,
personally appeared CHAS. COWHITE JR and
SEYMOUR MARSHALL, well known to me and
known to me to be the Chairman and Secretary respectively
of Santa Rosa Island Authority, and acknowledged that they
executed the foregoing instrument for and in the name of
said Authority, as its Chairman and Secretary respectively,
and caused its seal to be thereto affixed, pursuant to
due and legal action of said Authority authorizing them
so to do.

WITNESS my hand and official seal this 20TH
day of MARCH, 1973.

John J. [Signature]
Notary Public

My Commission Expires: 12/4/75

