

AGREEMENT

Agreement made this 31st day of January, 1986, between the City of Key West, Florida, a municipal corporation organized and existing under the laws of the State of Florida ("Lessor") and K W Resort Golf Course Corp., a Florida corporation ("Lessee").

R E C I T A L S

- A. Lessor and Toby A. Arnheim and Norman B. Wood entered into a Ground Lease Agreement dated June 5, 1981 ("the Lease") affecting certain real property known as the Golf Course and being more particularly described in the lease.
- B. Said Arnheim and Wood assigned the Lease to Key West Resort Associates, a general partnership.
- C. Lessee possesses the property by virtue of purchase of the leasehold interest at foreclosure sale.
- D. The parties desire to modify Section 2.02 and Section 3.03 of the Lease.

In consideration of the mutual covenants contained herein, the parties agree as follows:

- 1. Section 3.03 of the Lease is hereby amended to read as follows:

Lessee agrees to construct and complete the Improvements on the Land within twenty-four (24) months after the issuance of the permits described on Exhibit "C", attached hereto, except the Clubhouse. Lessee shall enter into a contract for the construction of the Improvements with a bona fide contractor or contractors prior to the expiration of three (3) months after the issuance of such permits, and the contractor(s) shall furnish to Lessee in connection therewith payment and performance bonds satisfactory to Lessee and issued by a financially responsible surety company or companies on the current approved list of the United States Treasury Department guaranteeing the construction of the Improvements and the payment of all amounts payable to mechanics and materialmen employed by the contractor(s). All such payment and performance bonds shall be dual obligee bonds and shall expressly provide that Lessor is an obligee thereunder and is entitled to enforce the provisions

thereof. Lessee shall not, in the construction of the Improvements, vary in any substantial manner from the preliminary plans and schematics for the Improvements which have been delivered to and initialed by Lessor for identification. Visible construction of the Improvements shall be commenced by Lessee not later than the expiration of six (6) months after the issuance of the said permits. In the event Lessee is unable to perform its obligations provided in this Section because of Force Majeure, then the time for the performance of such obligation shall be extended, without penalty, for a period equal to the delay caused by the Force Majeure. Lessee shall commence construction of the clubhouse in accordance with plans and specifications submitted to Lessor on or before December 31, 1986, or, shall either (a) submit a plan to Lessor for a different clubhouse to be approved by Lessor, and commence construction on or before December 31, 1986, or (b) remodel the existing clubhouse to include a pro shop, restaurant, lounge, locker rooms, and rest rooms, and commence remodeling on or before December 31, 1986. Construction of a clubhouse or remodeling of the existing clubhouse shall be completed on or before January 31, 1987.

2. Section, 2.02, Ground Rental, of the Lease is hereby amended in part to read as follows:

- A. \*\*\* (ii) the sum of Thirty-Six Thousand Dollars (\$36,000.00) for each calendar year during the term hereof, through calendar year 1985; and, commencing with the calendar year 1986 and for each calendar year thereafter, the sum of Forty-Two Thousand Dollars (\$42,000.00) per year during the remaining term hereof. \*\*\* (Remainder of Paragraph A is unchanged.)
- B. The rental shall be payable in monthly installments of \$3,000.00 each on the first day of each and every month during the term hereof, until the first day of February, 1986, at which time the monthly rental installment shall be increased for the month of February, 1986, and each and every month thereafter during the term hereof, to \$3,500.00 per month. In the event five (5%) per cent of all greens fees and golf cart rents realized during any calendar year shall exceed the sum of \$36,000.00 (through calendar year 1985) or \$42,000.00 (after calendar year 1985), Lessee shall pay to Lessor the difference within thirty (30) days after the end of such calendar year.

3. Except as amended herein, the Lease shall remain in full force and effect and the parties shall be bound by all

terms and conditions thereof. The approval and execution of these amendments shall not be construed to be a ratification of any acts of default now existing on the part of the Lessee, and the Lessor does not waive any rights or remedies pursuant to the Ground Lease Agreement, other than concerning the subjects of this agreement and the letter given by Lessee as inducement therefor.

4. Failure to perform the obligations of this Agreement shall constitute a default under the Ground Lease Agreement.

Executed this 31st day of January, 1986.

Witnesses:

*Stephine Parker*  
*Kathleen Woodman*  
*Kathleen Doney*  
*Barbara R. Brown*

CITY OF KEY WEST

By: *[Signature]*  
Mayor

K. W. RESORT GOLF COURSE CORP.

By: *[Signature]*

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LIST OF EXHIBITS:

- Exhibit "A" - Description of the Land
- Exhibit "B" - Description of the Buildings, Structures and Other Improvements to be Constructed by Lessee
- Exhibit "C" - List of Permits to be obtained in connection with the construction of the Improvements
- Exhibit "D" - List of the Permitted Exceptions
- Exhibit "E" - Description of Title Defects to be removed by Lessor
- Exhibit "F" - Description of the Reverter Land
- Exhibit "G" - Description of the Submerged Land

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT made and entered into this 5th day of June, 1981, by and between THE CITY OF KEY WEST, FLORIDA, a municipal corporation organized and existing under the laws of the State of Florida ("Lessor"), and TOBY A. ARNHEIM and NORMAN B. WOOD, both residents of Key West, Florida (collectively "Lessee");

NOTE - is Lessee to be assigned

NOTE - define for what purpose?

W I T N E S S E T H:

NOTE - includes/excludes developable property?

A. Lessor is the owner of a tract of land containing approximately 118.23 acres situated in the City of Key West, Monroe County, Florida, being a portion of the property known as the "Key West Municipal Golf Course", and more particularly described in Exhibit "A" attached hereto and made a part hereof for all purposes (the "Land").

B. Concurrently herewith, Lessor and Lessee have entered into a certain Real Estate Purchase Contract (the "Purchase Contract") pursuant to the terms of which, among other things, Lessor has agreed to sell and convey to Lessee approximately 42.55 acres of land (the "Adjacent Land") adjacent to the Land and constituting the balance of the Property known as the Key West Municipal Golf Course.

cc of Walter deed 42630

C. Lessee desires to lease the Land and improvements thereon from Lessor upon the terms and conditions set forth herein.

NOW, THEREFORE, Lessor and Lessee agree as follows:

ARTICLE I

Certain Defined Terms

Section 1.01. Certain Definitions. For all purposes of this Lease, unless the context otherwise requires:

A. "Architects" shall mean Edward Durrell Stone, Jr. and Associates, Reese Jones, Inc., and The Architectural Design Group.

B. "Demised Premises" means the Land and all rights and appurtenances pertaining thereto, exclusive of all improvements presently situated thereon.

C. "Force Majeure" shall mean acts of God, strikes, walk-outs, acts of public enemies, wars, blockades, riots, demonstrations, civil commotion, inclement weather, unavailability of labor, materials, supplies or equipment required by Lessee, or any other cause not within the control of Lessee.

D. "Green Fees" shall mean all green fees collected by Lessee from persons for the use of the golf course situated upon the Land.

E. "Improvements" shall mean the buildings, structures and other improvements to be constructed by Lessee as described on Exhibit "B", attached hereto and made a part hereof for all purposes.

Clubhouse  
Golf Course

F. "Lease Term" shall mean the period commencing on the date hereof and terminating at midnight on the anniversary date hereof in the year 2080, unless the Lease Term shall sooner terminate as hereinafter provided.

G. "Leasehold Mortgage" shall mean the holder or holders from time to time of a promissory note or notes evidencing a bona fide loan payable to the order of a third party and secured by a valid mortgage upon the leasehold estate created hereby.

H. "Permitted Use" shall mean a golf course and country club open to the public (and with private memberships) and all other uses related or incidental thereto, including without limitation tennis courts, handball courts, swimming pools, saunas, and other recreational and health facilities, restaurants, bars (serving both alcoholic and non-alcoholic beverages), rental and management services, sales offices for residential units constructed on the Adjacent Land, central advertising and promotion activities, and central switchboard services for residential unit owners, all as determined from time to time by Lessee.

## ARTICLE II

### Grant and Term of Lease; Rental

Section 2.01. Leasing and Granting Clause. For and in consideration of the rents, covenants and agreements hereinafter agreed by Lessee to be paid, kept and performed, Lessor (i) leases unto Lessee and Lessee hires from Lessor the Demised Premises for the Lease Term, and (ii) grants and conveys to Lessee all improvements presently situated on the Demised Premises.

### Section 2.02. Ground Rental.

and five (5%) percent of  
201 F.C.S. 201 V.P.H.

A. As ground rental ("Rental") for the Demised Premises, Lessee hereby agrees to pay to Lessor the greater of (i) an amount equal to five percent (5%) of all Green Fees realized from the Demised Premises or (ii) the sum of Thirty-Six Thousand Dollars (\$36,000) for each calendar year during the term hereof. (Rental shall not accrue or become payable until the improvements have been completed as set forth in Section 3.03 hereof, but in any event Rental shall commence not later than 12 months after the date hereof. - Jan 5E, 1982

B. The Rental shall be payable in monthly installments of \$3,000 each on the first day of each and every month during the term hereof. In the event that five percent (5%) of all Green Fees realized during any calendar year shall exceed the sum of \$36,000, Lessee shall pay to Lessor the difference within thirty (30) days after the end of such calendar year.

C. As additional consideration for this Lease, Lessor and Lessee acknowledge that Lessee has concurrently herewith entered into the Purchase Contract with Lessor providing for the purchase of the Adjacent Land for an aggregate purchase price of \$2,000,000.

D. Lessee shall, with respect to business done by it at the Demised Premises, keep true and accurate books and records which shall show all Green Fees, if any, realized

from the Demised Premises. The said books and records shall be available to Lessor or its agents for inspection at reasonable times. All books and records maintained by Lessee hereunder shall be maintained in accordance with generally accepted accounting principles consistently applied if such books and records are kept on the accrual basis, and such books and records shall be maintained in accordance with good accounting practice consistently applied if such books and records are kept on a cash basis. The books and records of Lessee with respect to the operation of the Demised Premises shall be audited on an annual basis by Pannell, Kerr & Forster, Certified Public Accountants, or another certified public accounting firm of equivalent national standing within ninety (90) days after the end of each fiscal year of Lessee, and all Green Fees realized by Lessee from the Demised Premises during such fiscal year shall be certified in writing by such accounting firm to Lessor within such ninety day period. Lessee shall further submit to Lessor quarterly statements of Green Fees on or before thirty (30) days after the end of each fiscal quarter of Lessee, each such statement to be signed by a duly authorized officer or agent of Lessee, certifying the amount of Green Fees for the period covered there-1.

E. Lessee shall be under no duty to maximize Green Fees, but Lessee shall cooperate with local chambers of commerce and the local tourist development board in promoting the golf course and related facilities situated upon the Demised Premises, and Lessee will at its cost furnish to such bodies for distribution to the public suitable promotional materials as Lessee deems appropriate from time to time in its reasonable judgment.

F. There shall be no abatement of Rental in the event of destruction of the improvements or any part thereof from fire or other casualty.

#### Section 2.03. Use.

A. The Demised Premises may be used for the Permitted Use, provided that Lessee will not use the Demised Premises for anything against public policy. Lessor represents and warrants to Lessee that the Demised Premises are under a zoning classification which will permit the construction, use and operation of the Demised Premises and all improvements as a golf course and country club and for related uses.

B. Lessee, at Lessee's sole cost and expense, agrees to do all things necessary to manage, operate and maintain the Demised Premises in compliance and conformity with all laws, ordinances, and lawful requirements and orders of any properly constituted municipal, state, federal and/or any other governmental authority, present or future, in anywise relating to the condition, use or occupancy by Lessee of the Demised Premises, throughout the entire term of this Lease and to the perfect exoneration from liability of Lessor.

C. Lessee agrees to indemnify, defend and hold Lessor harmless from any claims, demands or causes of action asserted against Lessor arising out of the operation by Lessee of the Demised Premises under the terms of this Lease.



ARTICLE III

Alteration, Construction and Ownership of Improvements

Section 3.01. Alterations and Improvements; Maintenance.

A. Any alteration or improvement (including the Improvements) made to the Demised Premises shall be made in a good and workmanlike manner and in compliance with all valid laws, governmental orders and building ordinances and regulations pertaining thereto. Lessee shall promptly pay and discharge all costs, expenses, damages and other liabilities which are due and payable by Lessee in connection with or by reason of any alterations, reconstruction, demolition or other work on the Demised Premises.

B. Following completion of the Improvements, Lessee, at its expense shall keep all improvements, including the Improvements and the golf course, in good and clean order and condition and will promptly make all necessary and appropriate repairs, replacements and renewals thereof, whether interior or exterior, structural or nonstructural, ordinary or extraordinary, foreseen or unforeseen. All repairs, replacements and renewals shall be at least equal in quality and value to the original work. Lessee shall comply with all laws, ordinances, codes and regulations applicable thereto. Lessee shall have the right, after written notice to Lessor, to contest by appropriate legal proceedings, conducted in good faith, the validity or applicability of any such law, ordinance, code or regulation, and to delay compliance therewith pending the prosecution of such proceeding, provided no civil or criminal liability would be incurred by Lessor and no lien or charge would be imposed upon or satisfied out of the Demised Premises by reason of such delay.

C. Following completion of the Improvements, Lessee shall not permit, commit or suffer waste or impairment of the Demised Premises or any improvements thereon, including any Improvements and the golf course.

Section 3.02. Title to the Improvements. All improvements presently situated on the Land have, pursuant to this Lease Agreement been sold and conveyed by Lessor to Lessee, and all such improvements shall throughout the term of this Lease be owned by Lessee, it being agreed that Lessee shall have the right to remove and/or demolish such improvements and to construct or install other improvements at any time in Lessee's sole discretion, provided that all alterations, reconstruction, demolition and other work on the Demised Premises when completed shall be of a nature as not to reduce or otherwise adversely affect the value or use of the Demised Premises. The title to all improvements and any modifications, additions, restorations, repairs and replacements thereof hereafter placed or constructed by Lessee upon the Demised Premises shall be in Lessee, its successors and assigns, until the expiration of the Lease Term; provided, that (i) the terms and provisions of this Lease shall apply to all such improvements; and (ii) all such improvements (with the exception of trade fixtures and all items of personal property) shall be surrendered to and become the absolute property of Lessor upon the termination of the Lease Term, whether by expiration of time or otherwise.

Section 3.03 Construction of Improvements.

Lessee agrees to construct and complete the Improve-  
ments on the Land within twenty-four (24) months after the  
issuance of the permits described on Exhibit "C", attached  
hereto. Lessee shall enter into a contract for the construc-  
tion of the improvements with a bona fide contractor or  
contractors prior to the expiration of three (3) months  
after the issuance of such permits, and the contractor(s)  
shall furnish to Lessee in connection therewith payment and  
performance bonds satisfactory to Lessee and issued by a  
financially responsible surety company or companies on the  
current approved list of the United States Treasury Department  
guaranteeing the construction of the Improvements and the  
payment of all amounts payable to mechanics and materialmen  
employed by the contractor(s). All such payment and perform-  
ance bonds shall be dual obligee bonds and shall expressly  
provide that Lessor is an obligee thereunder and is entitled  
to enforce the provisions thereof. Lessee shall not, in the  
construction of the Improvements, vary in any substantial  
manner from the preliminary plans and schematics for the  
Improvements which have been delivered to and initialed by  
Lessor for identification. Visible construction of the  
Improvements shall be commenced by Lessee not later than the  
expiration of six (6) months after the issuance of the said  
permits. In the event Lessee is unable to perform its  
obligations provided in this Section because of Force Majeure,  
then the time for the performance of such obligations shall  
be extended, without penalty, for a period equal to the  
delay caused by the Force Majeure.

Section 3.04. Payment and Performance Bonds of Lessee.  
Lessee shall furnish to Lessor payment and performance bonds  
in an amount not less than the cost of the Improvements as  
estimated by one or more of the Architects prior to the  
issuance of the building permit. Said bond shall be issued  
by a financially responsible surety company or companies on  
the current approved list of the United States Treasury  
Department guaranteeing to Lessor the construction of the  
Improvements and the payment by Lessee of all amounts owing  
to contractors, subcontractors, mechanics and materialmen.  
The cost of such payment and performance bond shall be paid  
by Lessee.

ARTICLE IV

Leasehold Mortgage

DECLARATORY!

Section 4.01. Rights of Leasehold Mortgagee.

A. Lessee shall have the right at any time and from  
time to time, without Lessor's consent, to mortgage, pledge,  
grant deed(s) of trust, or otherwise encumber the leasehold  
estate created hereby and all or any portion of the right,  
title and interest of Lessee hereunder, and to assign,  
hypothecate or pledge the same, as security for the payment  
of any debt to a Leasehold Mortgagee; provided, that no  
mortgagee, trustee, or other person claiming by, through or  
under any instrument creating any such encumbrance shall by  
virtue thereof acquire any greater right in the Demised  
Premises than Lessee then had under this Lease, except for  
the rights expressly granted to such mortgagee, trustee or  
other person under the terms of this Lease; and provided  
further, that such mortgage, deed of trust or other instrument  
of encumbrance, and the indebtedness secured thereby, shall

at all times be and remain subject to all of the conditions, covenants and obligations of this Lease and to all of the rights of Lessor hereunder. Each leasehold mortgage entered into from time to time by Lessee shall expressly provide that written notice of any default will be given to Lessor simultaneously with the giving of such notice to Lessee and that Lessor will have the right, for a period of sixty (60) days thereafter, to take such action or to make such payment as is necessary or appropriate to cure any such default so specified, it being the intention of the parties hereto that no Leasehold Mortgagee shall have the right to foreclose its mortgage, or to proceed with any remedies under any other instruments executed in connection therewith, unless and until Lessor has received written notice of any default thereunder and has had an opportunity to cure such default for a period of not less than sixty (60) days following the receipt of such notice.

*Was this done?*

B. As to any such leasehold mortgage in favor of a Leasehold Mortgagee, Lessor consents to provisions therein, at the option of Lessee, (a) for an assignment of Lessee's share of the net proceeds from any award or other compensation resulting from a total or partial (other than temporary) taking as set forth in Article VIII of this Lease, (b) for the entry of any Leasehold Mortgagee upon the Demised Premises during business hours, without notice to Lessor or Lessee, to view the state of the Demised Premises, (c) that a default by Lessee under this Lease shall constitute a default under any such leasehold mortgage, (d) for an assignment of Lessee's right, if any, to terminate, cancel, modify, change, supplement, alter or amend this Lease, (e) for an assignment of any sublease to which any such leasehold mortgage is subordinated, subject to the rights of Lessor hereunder, and (f) effective upon any default in any such leasehold mortgage, (i) for the foreclosure of the leasehold mortgage pursuant to judicial proceedings or other lawful means, and the subsequent sale of the leasehold estate to the purchaser at the foreclosure sale and a sale by such purchaser and/or a sale by any subsequent purchaser (provided such subsequent purchaser agrees to comply with the terms of this lease), (ii) for the appointment of a receiver, irrespective of whether any leasehold mortgagee accelerates the maturity of all indebtedness secured by the leasehold mortgage, (iii) for the rights of the leasehold mortgagee or the receiver to enter and take possession of the Demised Premises, to manage and operate the same to collect the subrentals, issues and profits therefrom (subject to the rights of Lessor hereunder), and to cure any default under the leasehold mortgage or any default by Lessee under this Lease, and (iv) for an assignment of Lessee's right, title and interest in and to the premiums for or dividends upon any insurance required by the terms of this Lease, as well as in all refunds or rebates of taxes or assessments upon or other charges against the Demised Premises, whether paid or to be paid.

C. If at any time after the execution and recordation of any such mortgage or deed of trust, the mortgagee or trustee therein shall notify Lessor in writing that any such mortgage or deed of trust has been given and executed by Lessee, and shall at the same time furnish Lessor with the address to which it desires copies of notices to be mailed, or designate some person or corporation as its agent and representative for the purpose of receiving copies of notices, Lessor hereby agrees that it will thereafter mail to such mortgagee or trustee and to the agent or representative so designated by such mortgagee or trustee, at the address so

given, duplicate copies of any and all notices in writing which Lessor may from time to time give or serve upon Lessee under and pursuant to the terms and provisions of this Lease.

D. Lessor shall not be obligated to mortgage or subordinate its fee interest in the Demised Premises with respect to any leasehold mortgage executed under the provision of this Article IV. No leasehold mortgage shall be granted by Lessee in favor of a Leasehold Mortgagee unless such Leasehold Mortgagee is an institutional lender (such as a bank, insurance company or a savings and loan association) having capital assets of not less than \$100,000,000.

Section 4.02. Liability of Leasehold Mortgagee. No Leasehold Mortgagee shall be or become liable to Lessor as an assignee of this Lease or otherwise until it expressly assumes by written instrument such liability, and no assumption shall be inferred or result (i) from foreclosure or other appropriate proceedings in the nature thereof, or (ii) as the result of any other action or remedy provided for by any mortgage or deed of trust or other instrument executed in connection with such leasehold mortgage, or (iii) from a conveyance from Lessee pursuant to which the purchaser at foreclosure or grantee shall acquire the right and interests of Lessee under the terms of this Lease; provided, that as a condition to any purchase of such rights and interests subsequent to any foreclosure sale, the purchaser shall expressly agree to comply with the terms and provisions of this Lease.

## ARTICLE V

### Title

Section 5.01. Lessor's Warranty of Title. Lessor has caused Lawyers' Title Guaranty Fund, Miami, Florida, to issue and deliver to Lessee a Commitment to Insure or Guarantee Title (the "Title Commitment") covering the Demised Premises, dated January 29, 1921, accompanied by two copies of all recorded documents affecting the Demised Premises. Subject to the provisions of Section 5.03 hereof, Lessee has accepted the Title Commitment. Based upon the Title Commitment, Lessor warrants and represents that the Demised Premises are owned by Lessor in fee, free and clear of all liens, restrictions and encumbrances except as set forth on Exhibit "D" attached hereto (the "Permitted Exceptions"), and that Lessor has the legal right to make and enter into this Lease.

Section 5.02. Peaceable Possession. Lessor warrants to Lessee the peaceable enjoyment of the Demised Premises against the lawful let, hindrance or disturbance of any person or persons whomsoever.

Section 5.03. Quiet Title Action; Reversionary Rights; Submerged Land.

A. Lessor and Lessee acknowledge the existence of certain defects in the title to the Demised Premises, as more particularly set forth and described on Exhibit "E" attached hereto (collectively the "Title Defects"). Lessor agrees to cause the Title Defects to be removed within one (1) year after the date hereof, and in connection therewith Lessor shall at its cost take all necessary action and file all necessary suits, including without limitation the filing of a quiet title lawsuit. Notwithstanding the provisions of

*Handwritten note:*  
The 4th  
year also

Section 3.03 hereof to the contrary, the date of completion of the improvements as described on Exhibit "B" hereto shall be extended for a period equal to the period of time commencing on the date hereof and ending upon the date on which all title defects shall be removed. Lessor and Lessee acknowledge that legal proceedings to remove the aforesaid title defects will be instituted by Taylor, Brion, Buker & Greene, Miami, Florida, or other legal counsel satisfactory to Lessor, and all fees of such attorneys shall be paid by Lessor. Lessor and Lessee agree to cooperate fully in connection with all such legal proceedings.

B. Lessor is the owner of a certain tract of land adjacent to the Demised Premises containing, in the aggregate, approximately 25 acres (the "Reverter Land") as more particularly set forth and described on Exhibit "F", attached hereto. The Reverter Land is subject to certain reversionary rights held by the State of Florida (the "Reversionary Rights"), and the existence of the Reversionary Rights has prevented the Reverter Land from being included within the Demised Premises. Lessor agrees to fully cooperate with Lessee with respect to any action which Lessee shall elect to take with respect to obtaining a waiver of the Reversionary Rights from the State of Florida, provided that any monies or costs required, including without limitation all out-of-pocket costs and expenses incurred by Lessor in connection therewith at the request of Lessee, shall be paid by Lessee. In the event that Lessee obtains a waiver of the Reversionary Rights from the State of Florida, then upon filing such waiver in the official real estate records of Monroe County, Florida, the Reverter Land shall be automatically included with the Demised Premises under the terms and provisions of this Lease, and Lessor agrees to execute such amendments and other documents as Lessee may reasonably request to more effectively include the Reverter Land within the Demised Premises.

C. A portion of the Demised Premises is situated under water, such portion being more particularly described on Exhibit "G", attached hereto (the "Submerged Land"). Lessee agrees to dedicate its leasehold rights with respect to the Submerged Land for use solely as a bird sanctuary, park and related uses during the term of this Lease, and Lessee agrees that the Submerged Land shall not be used for any other purpose without the written consent of Lessor.

Section 5.04. Leasehold Title Policy. Simultaneously with the execution of this Ground Lease, Lessor shall cause to be furnished and delivered to Lessee, at the sole cost and expense of Lessee, an ALTA FORM B leasehold policy of title insurance issued by Lawyers Title Guaranty Fund (the "Title Company"), insuring good and marketable title to the leasehold estate created hereby in Lessee in a face amount equal to \$2,500,000 and containing no exceptions other than the Permitted Exceptions. The said title policy shall be accompanied by such endorsements and reinsurance contracts as Lessee may reasonably require at Lessee's cost. In the event that Lessor fails for any reason to furnish the leasehold policy of title insurance to Lessee within the aforesaid period, Lessee shall have the right, at any time thereafter, to terminate this Lease and to be released from any further obligation hereunder. Upon the favorable completion of the legal proceedings specified in Section 5.03 above, Lessee shall cause the Title Company to issue such endorsements to the aforesaid title policy as shall be appropriate to eliminate all title objections removed by such proceedings.

NOTE - Status of such waiver? Leasehold or non-leasehold -

Mrs. [unclear]

## ARTICLE VI

### Assignment and Subletting

Section 6.01. Assignment. Lessee shall have the right at any time during the term of this Lease to sell, assign or transfer its leasehold estate in its entirety or any portion of the unexpired term thereof to (i) any corporation, joint venture, partnership or other group of investors in which Lessee will have for a period of not less than ten (10) years not less than a 25% ownership interest, without the consent of Lessor, or (ii) any other party with the prior written consent of Lessor, which consent shall not be unreasonably withheld, and the rights of Lessee, or any successor or assignee of Lessee, may pass by operation of law. The provisions of this Section 6.01 shall not restrict or otherwise affect the right of Lessee to grant leasehold mortgages as provided in Section 4.01 hereof. No such assignment, sale or transfer shall be effective until there shall have been delivered to Lessor an undertaking in recordable form, executed by the proposed assignee, wherein such assignee assumes the due performance of all obligations on Lessee's part to be performed under this Lease accruing from and after the effective date of the assignment. The foregoing provisions shall not prohibit the transfer of any interest in this Lease by reason of the death or incapacity of any individual Lessee, and the interest of such individual Lessee on such occurrence may pass to his heirs, successors and legal representatives without the consent of Lessor.

Section 6.02. Release of Original Lessee. At any time following the tenth anniversary date of this Lease, the original Lessee hereunder (being Toby A. Arnheim and Norman B. Wood) shall have the right to request that Lessor release such Lessee from any further obligation or liability hereunder if, at the time of such request, (i) no default has occurred hereunder and is continuing and (ii) all of the improvements have been completed in accordance with Section 3.03. Lessor agrees that any request for such release shall not be unreasonably refused and shall be given or refused by written notice thereof to the original Lessee within thirty (30) days after receipt by Lessor of such request, and in the event of a refusal such notice shall state with particularity the reasons therefor. If, at the time of any request for a release, a default has occurred and is continuing hereunder, such request may be made again after the default has been cured.

Section 6.03. Subleases. Lessee shall have the right to sublet all or any portion of the Demised Premises and/or the improvements for any purposes not prohibited by this Lease; provided that Lessee shall notify each sublessee in writing that the sublease entered into by such sublessee and Lessee is subject to each and all of the terms and provisions as set forth in this Lease. Lessee shall notify Lessor of each sublease entered into by Lessee, and each sublease shall require the sublessee to give written notice to Lessor of any default by Lessee thereunder.

## ARTICLE VII

### Compliance with Laws; Insurance and Taxes

Section 7.01. Compliance with Laws. Lessee shall at its sole cost and expense comply with all requirements of

all municipal, state and federal authorities now in force or which may hereafter be in force, pertaining to the Demised Premises and shall faithfully observe in the use of the Demised Premises all municipal, state and federal laws and regulations now in force or which may hereafter be in force. In case of damage to, or destruction of, any Improvements or the fixtures and equipment thereof, by fire or other casualty during the last five (5) years of the Lease Term, Lessee may, at its option by written notice to Lessor given within sixty (60) days of such casualty, terminate this Lease by delivering to Lessor written notice of such termination, together with all insurance proceeds payable with respect to such fire or other casualty. In the absence of giving such notice, Lessee shall repair and restore the Improvements to their condition before such casualty in accordance with the provisions hereof, to the extent that insurance proceeds are available therefor.

Section 7.02. Fire, Casualty and Liability Insurance.

A. Lessee, at its expense, shall keep the Demised Premises insured during the construction period for the Improvements against loss or damage as a result of fire and those other hazards ordinarily insured under an "All Risks Coverage" builder's risks insurance policy on a "Completed Value Form" issued by an insurance company authorized to do business in the State of Florida and approved by the Lessor. Such insurance shall be in an amount sufficient to prevent Lessee from being a coinsurer and shall be maintained in an amount not less than ninety percent (90%) of replacement cost of all buildings constituting a part of the Improvements. Such insurance policy shall contain a loss payable clause in which the loss shall be paid to Lessee, any mortgagee(s), and Lessor, as insureds, as their interests may appear.

B. Lessee, at its expense, shall keep all the Improvements insured against loss or damage as a result of fire, boiler and machinery, bursting pipes, flooding, and other hazards ordinary of this type in the City of Key West, Florida, under policies providing for "All Risk Coverage" for physical damage or loss, to the extent that such insurance is generally available from insurers of recognized responsibility authorized to do business in Florida. Each insurer shall have an A+ or better rating by Best's insurance rating system. Such insurance shall be in an amount sufficient to prevent Lessee from being a coinsurer and shall be maintained in an amount not less than ninety percent (90%) of the replacement cost of all buildings constituting a part of the Improvements as determined by annual evaluation on the anniversary date of the insurance or by inflation endorsement if available. Such insurance policy shall contain a loss payable clause in which the loss shall be paid to Lessee, any mortgagee(s), and to Lessor, as insureds, as their interests may appear.

C. Lessee shall secure, maintain or cause to be secured and maintained in full force and effect during the construction period for the Improvements, or any other improvements on the Demised Premises, such comprehensive general public liability insurance for premises and operations, including but not limited to, coverage for explosion, collapse and underground ("X.C.U."), hazards, independent contractors, products and completed operations, and contractual and personal injury liability, as will protect Lessor and Lessee, their respective officers, agents and employees, from any and all claims and damages for personal injury, injury to

persons or death, or damage to any property of Lessor or of the public, which may arise out of or in connection with the performance of any work or operations by Lessee in, on or over the Demised Premises during the construction period, whether said work or operations is by Lessee, or its contractors or subcontractors, or by anyone directly or indirectly employed by any of them. This coverage shall include, but shall not be limited to, a combined single limit of Ten Million and no/100 Dollars (\$10,000,000.00) for personal injury, injury to persons or death or for property damage. Each policy shall name Lessor as an additional insured and each policy shall contain cross-liability endorsements. Lessor shall have the right, from time to time during the term of this Lease, to require Lessee to carry greater amounts of liability insurance than provided in this Section 7.02, provided that such greater amounts are normally and customarily carried by owners or operators of golf courses and country clubs similar to the Demised Premises.

D. Lessee shall secure and maintain, or cause to be secured and maintained, in full force and effect, comprehensive general public liability insurance for premises and operations, including, but not limited to coverage for "X.C.U." hazards, independent contractors, products and completed operations and contractual and personal injury liability, as will protect Lessee, Lessor, and their officers, agents and employees, from any and all claims for damages for personal injury, or death, or for damage to any property of the Lessor or the public which may arise out of the Lessee's use and occupancy of the Demised Premises. This coverage shall include, but not be limited to a combined single limit of Ten Million and no/100 Dollars (\$10,000,000.00) for personal injury, injury to persons or death or for property damage. Each policy shall name Lessor as an additional insured and each policy shall contain cross-liability endorsements.

E. Lessee shall secure and maintain, at all times, such comprehensive automobile liability insurance, including non-owned and hired car coverage, as will protect Lessee and Lessor from any and all claims and damages for personal injury or death or property damage to any property of Lessor or of the public which may arise out of or in connection with the performance of any work or operations done by or for Lessee in connection with the development or operation of the Demised Premises, whether such work or operations is by Lessee or by its contractors or subcontractors, or by anyone directly or indirectly employed by any of them. The amount of such insurance shall not be less than a combined single limit of Ten Million and no/100 Dollars (\$10,000,000.00) for injury or death or for property damages.

F. Lessee shall secure and maintain, in full force and effect, such workmen's compensation insurance as is required under the laws of the State of Florida.

G. All insurance policies or agreements shall be provided at the cost of Lessee and shall provide (to the extent such provision is obtainable) that they cannot be cancelled or terminated until after at least thirty (30) days prior notice has been given to Lessor to the effect that such insurance policies or agreements are to be cancelled or terminated at a particular time.

H. Lessee and Lessor shall provide each other with certificate of insurance or other acceptable proof of compliance with the insurance provisions of this Lease.



I. In the event Lessee at any time refuses, neglects or fails to secure and maintain in full force and effect any or all of the insurance required pursuant to this Lease, Lessor, at its option, may procure or renew such insurance and all amounts of money paid therefor shall be payable forthwith by Lessee to Lessor, with interest thereon from the date the same were paid at the prime rate of Citibank, N.A., New York, New York to the date of payment.

J. No acceptance or approval of any insurance policy or policies by Lessor or Lessee shall relieve or release or be construed to relieve or release the other party from any liability, duty or obligation assumed by or imposed upon it by the provisions of this Lease.

Section 7.03. General Provisions.

A. All insurance required by this Article VII shall provide that such insurance, as to the interest of Lessor, shall not be invalidated by any act or omission of Lessee or any occupant of the Demised Premises which might otherwise result in the forfeiture of said insurance. All renewal binders or policies (or certificates evidencing the same) shall be delivered to Lessor not less than ten (10) days prior to the expiration of the policy or policies to be renewed. The original policy or policies of insurance, or certificates evidencing such insurance, shall be furnished to Lessor by Lessee.

B. Lessor hereby releases Lessee, and Lessee hereby releases Lessor, and their respective officers, agents, employees and servants, from any and all claims or demands for damages, loss, expense or injury to the Demised Premises, or to the furnishings and fixtures and equipment, or inventory or other property of either Lessor or Lessee in, about or upon the Demised Premises, as the case may be, which is caused by or result from perils, events or happenings which are the subject of insurance carried by the respective parties and in force at the time of any such loss; provided, however, that such waiver shall be effective only to the extent permitted by the insurance covering such loss and to the extent such insurance is not prejudiced thereby or the expense of such insurance is not thereby increased.

Section 7.04. Application of Proceeds of Fire and Casualty Insurance. All proceeds payable pursuant to the provisions of any policies of fire and casualty insurance shall be collected and held by Lessee and applied for the following purposes:

A. All proceeds shall first be used, subject to any other conditions contained in this Lease and in any mortgage, as a fund for the restoration and repair of any and all buildings, improvements and equipment comprising a part of or situated upon the Demised Premises which have become destroyed or damaged. Such proceeds in such event shall be used and applied in satisfaction and discharge of the cost of the restoration of the destroyed or damaged buildings, improvements and equipment.

B. All insurance proceeds shall be paid out from time to time to persons furnishing labor or materials, or both, including architects' fees and contractors' compensation in the construction work, on vouchers approved by a licensed architect or engineer employed by Lessee to superintend the work.

C. Any funds not disbursed and remaining after the completion of the restoration and repair work and the payment and discharge of the cost thereof shall be applied to any rent or other sums due hereunder and the balance shall be delivered to Lessee.

D. Lessee shall at all times prior to a loss thereon be entitled to cause the surrender of any policy or policies of fire insurance and to receive the allowable rebate or unearned premiums thereon upon the condition, however, that Lessee first shall substitute a policy or policies in an equal or greater amount issued by carriers and in form complying with the provisions of this Lease.

Section 7.05. Insurance Trust. Notwithstanding any provision of this Lease to the contrary, whenever there is a Leasehold Mortgagee (as such term is defined in Section 1.01 hereof) or other mortgagee, all insurance carried pursuant to Section 7.02 hereof shall be for the benefit of Lessor, Lessee and such Leasehold Mortgagee, as their interests may appear. All sums available thereunder shall if requested by the mortgagee be paid to a banking association in Key West, Florida, jointly approved by Lessor and the mortgagee, as trustee, to be held and disbursed as a trust fund for the purposes set forth above.

Section 7.06. Taxes. Lessee agrees to pay all real property taxes and special assessments levied or assessed by any taxing authority against the Demised Premises during the term hereof as they become due and payable and before they become delinquent (all of such taxes and assessments being collectively referred to as "taxes"). Lessor shall promptly present to Lessee copies or photocopies of all tax bills received for each current year. Taxes and assessments payable with respect to the first and last years of the term of this Lease shall be prorated based upon the actual number of days in each such year. In the event Lessee shall desire to contest in good faith any tax, Lessee may file in the name of Lessor all such protest or other instruments and may institute and prosecute proceedings for the purpose of such contest, but Lessee shall, if reasonably required by Lessor, furnish to Lessor a reasonable indemnity against any loss, cost or expense by reason of such contest. Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such proceeding or contest to such extent as Lessee may reasonably request. Lessee shall be entitled to any refund of any tax (and penalties or interest thereon) refunded by the taxing authority pursuant to any such proceeding or contest, if such tax shall have been paid by Lessee or shall have been paid by Lessor and reimbursed to Lessor by Lessee.

## ARTICLE VIII

### Condemnation

Section 8.01. Definitions. Wherever used in this Article, the following words shall have the definitions and meaning hereinafter set forth:

A. "Condemnation proceedings" means any action or proceeding brought for the purpose of any taking of the fee of the Demised Premises or any part thereof or any other property interest therein by competent authority as a result of the exercise of the power of eminent domain, including voluntary sale to such authority either under condemnation or while such action or proceeding is pending.

B. "Taking" or "taken" means the event and date of vesting of title to the fee of the Demised Premises or any part thereof pursuant to the condemnation proceedings.

Section 8.02. Entire Taking. If all of the Demised Premises shall be taken in condemnation proceedings, this Lease shall terminate as of the taking and the Rental shall be paid to the date of such termination. Lessor shall give Lessee a proportionate refund of any rent paid in advance.

Section 8.03. Partial Taking.

A. If less than all of the Demised Premises shall be taken in condemnation proceedings, Lessor and Lessee shall mutually determine, within a reasonable time after such taking, whether the remaining building or buildings (after necessary repairs and reconstruction to constitute the same a complete architectural unit or units) and land can economically and feasibly be used by Lessee. If Lessor and Lessee cannot mutually agree upon such matter within ninety (90) days after notice of intent to take, the same shall be determined thereafter upon request of either party by arbitration in accordance with the provisions of Section 10.10. In arriving at their decision, the arbitrators, among other things, shall take into consideration whether such remaining premises will produce a reasonable net return to Lessor and to Lessee.

B. If it is determined either by mutual agreement or arbitration that such remaining building or buildings and land cannot economically and feasibly be used by Lessee, Lessor or Lessee, at its election, may terminate this Lease on ten (10) days' notice to the other party to such effect, and the Rental shall be paid to the date of such termination. Lessor shall give Lessee a proportionate refund of any rent paid in advance. If between the taking and the date of such termination, the condemning authority shall have entered into physical possession of the condemned portion of the Demised Premises, the Rental payable during such period shall be reduced to accommodate such event and any dispute as to the amount of such reduction shall be determined by arbitration in accordance with the provisions of Section 10.10. However, such election to terminate must be exercised within thirty (30) days after the determination, as aforesaid, that the remaining building or buildings cannot economically and feasibly be used by Lessee.

Section 8.04. Application of Award. If this Lease shall terminate pursuant to the provisions of Section 8.02 or Section 8.03 of this Article, Lessor's share of the condemnation award together with any separate award to Lessee shall be apportioned and paid in the following order of priority:

A. There shall be first paid any and all reasonable expenses, charges and fees, including reasonable counsel fees, in collecting the award.

B. Lessor shall then be entitled to receive an amount equal to the reasonable market value of the Demised Premises, exclusive of all improvements, after consideration of any unexpired portion of the term of this Lease and encumbered by this Lease. If Lessor and Lessee cannot agree as to such value, the same shall be determined by arbitration in accordance with the provisions of Section 10.10.

C. The balance of the award shall be paid to Lessee.

Section 8.05. Application of Award in Partial Taking. If it is determined pursuant to the provisions of Section 8.03 that the remaining improvements after a partial condemnation can be used economically by Lessee, (i) this Lease shall not terminate but shall continue in full force and effect as to the portion of the Demised Premises not taken, (ii) Lessee shall commence and proceed with reasonable diligence to repair or reconstruct the remaining building or buildings on the Demised Premises to a complete architectural unit or units to the extent proceeds of the condemnation award are available therefor; and (iii) the Rental payable by Lessee hereunder shall be reduced during the unexpired portion of this Lease to that proportion of the annual Rentals herein reserved which the value of the part of the Demised Premises not so taken bears to the value of the total of the Demised Premises, such values to be determined based upon the findings in the condemnation proceedings as of the date when Lessee is disturbed in its possession as a result of the taking. Lessor's share of the award in condemnation proceedings for any partial taking where repair or reconstruction is undertaken, together with any separate award to Lessee, shall be apportioned and paid in the following order of priority:

A. There shall first be paid any and all reasonable expenses, charges and fees, including reasonable counsel fees, in collecting the awards.

B. The proceeds of the award shall next be used as a fund for the restoration and repair of the buildings, improvements and equipment situated on the Demised Premises to a complete architectural unit or units, all such work to be at least equal in quality to the quality of the workmanship and materials used in construction of the Improvements. The said proceeds shall be held by Lessee and shall be paid out from time to time to persons furnishing labor or materials, or both, including architects' fees and contractors' compensation in such restoration work, on vouchers approved by a licensed architect or engineer approved by Lessor and employed by Lessee to superintend the work.

C. Lessor shall then be entitled to an amount equal to the fair market value of the portion of the Demised Premises taken, after consideration of any unexpired portion of the term of this Lease and encumbered by this Lease.

D. The balance of the award shall be paid to Lessee.

Section 8.06. Temporary Possession. If any right of temporary possession or occupancy of all or any portion of the Demised Premises shall be obtained by any competent authority in the exercise of the power of eminent domain, the foregoing provisions of this Article shall be inapplicable thereto and this Lease shall continue in full force and effect without reduction or suspension of rent and Lessee shall be entitled to make claim for and recover any award or awards, whether in the form of rental or otherwise, recoverable in respect of such possession or occupancy.

Section 8.07. Consent to Settlement by Lessor. Lessee shall have primary responsibility for dealing with the condemning authority in the condemnation proceedings but Lessee shall not make any settlement with the condemning

authority nor convey or agree to convey the whole or any portion of the Demised Premises to such authority in lieu of condemnation without first obtaining the written consent of Lessor thereto, which consent shall not be unreasonably withheld.

## ARTICLE IX

### Default

Section 9.01. Events of Default. The following events ("Events of Default") shall be deemed to be events of default by Lessee under this Lease:

A. If Lessee shall fail to pay any installment of Rental, any installment payable with respect to any mortgage created by Lessee constituting a lien against the Demised Premises or the leasehold estate created hereby or other sum of money payable hereunder on the date the same is due, and if such failure shall continue for a period of thirty (30) days after due written notice from Lessor to Lessee specifying such default and the consequences thereof.

B. If Lessee shall fail to comply with any term, provision or covenant of this Lease, other than the payment of Rental or other sums of money specified in sub-paragraph A above, and shall not cure such failure within thirty (30) days after due written notice thereof to Lessee; or if such failure cannot reasonably be cured within the said thirty (30) days and Lessee shall not have commenced to cure such failure within such thirty (30) day period and shall not thereafter with all due diligence and good faith proceed to cure such failure.

All notices given by Lessor under the provisions of this Section 9.01 shall comply with the requirements of Section 9.04 hereinafter with regard to Leasehold Mortgagees.

Section 9.02. Remedies. Upon the occurrence of any Event of Default, Lessor shall have all rights prescribed by Chapter 83 of the Florida Statutes or other applicable Florida Statute to the extent applicable to this Lease.

Section 9.03. New Lease with Leasehold Mortgagee Upon Termination. If this Lease shall terminate by reason of the occurrence of any contingency mentioned in Section 9.01 hereof, and in the manner therein set forth, and if Lessor shall obtain possession of the Demised Premises as a result thereof, Lessor agrees that any Leasehold Mortgagee shall have the right, for a period of sixty (60) days subsequent to said termination of this Lease, to elect to demand a new Lease of the Demised Premises of the character and, when executed and delivered and possession of the Demised Premises is taken thereunder, having the effect hereinafter set forth. Such new Lease shall be for a term to commence at the said termination of this Lease, and shall have as the date for the expiration thereof the same date stated in this Lease as the date for the expiration thereof. The rent thereof shall be at the same rate as would have been applicable during such term under the provisions of this Lease, had this Lease not so expired or terminated, and all the rents, covenants, conditions and provisions of such new lease, including, but not limited to, the conditional limitations set forth in this Lease, shall be the same as the

terms, conditions and provisions of this Lease. If any such Leasehold Mortgagee as aforesaid shall elect to demand such new lease within such 60-day period, such Leasehold Mortgagee shall give written notice to Lessor of such election; and, thereupon, within ten (10) days thereafter, Lessor and such Leasehold Mortgagee agree to execute and deliver such new lease upon the terms above set forth, and such Leasehold Mortgagee shall, at the time of the execution and delivery of such new lease, pay to Lessor all rent and additional rent and other sums which would have become payable hereunder by Lessee to Lessor to the date of the execution and delivery of such new lease, had this Lease not terminated, and which remain unpaid at the time of the execution and delivery of such new lease, together with reasonable attorneys' fees and expenses in connection therewith. Any such new lease as contemplated in this Section 9.03 may, at the option of the Leasehold Mortgagee, be executed by a nominee of such holder, without the Leasehold Mortgagee assuming the burdens and obligations of Lessee thereunder beyond any period of its ownership of the leasehold estate created hereby.

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Section 9.04. Notice to Leasehold Mortgagee. Lessor agrees, if and so long as the leasehold estate of Lessee is encumbered by a leasehold mortgage in favor of a Leasehold Mortgagee, to give such Leasehold Mortgagee at such address or addresses as may be specified by the Leasehold Mortgagee to Lessor in writing, written notice of any default or of the happening of any contingency referred to in Section 9.01 hereof, simultaneously with the giving of such notice to Lessee, and no such notice to Lessee shall be effective or be deemed to have been given to Lessee hereunder unless such notice is also given to the Leasehold Mortgagee; and the Leasehold Mortgagee shall have the right, within the period limited by any such notice and for an additional period of thirty (30) days thereafter, and to the same extent and with the same effect as though done by Lessee, to take such action or to make such payment as may be necessary or appropriate to cure any such default or contingency so specified. It being the intention of the parties hereto that Lessor shall not exercise its right to terminate this Lease as in Section 9.01 provided without first affording to any Leasehold Mortgagee the same rights and the same notices with respect to any such default or contingency and the same period or periods of time within which to cure the same, including the right to enter into possession of the Demised Premises, to enable the Leasehold Mortgagee so to do, as are afforded to Lessee hereunder (and a period of thirty (30) days thereafter, and as are afforded to the leasehold mortgagee under this Section 9.04).

Section 9.05. Foreclosure by Leasehold Mortgagee. Anything in this Lease and specifically in this Article IX to the contrary notwithstanding, Lessor shall not be entitled to exercise its right to terminate this Lease as in this Article IX provided during the period that any Leasehold Mortgagee shall require to foreclose its mortgage or otherwise to fulfill or complete its remedies under such leasehold mortgage or to cure any event of Default, provided, however, that such period shall in no event exceed ninety (90) days and that within such period of time: (a) such Leasehold Mortgagee proceeds promptly and with due diligence with its remedies under its mortgage on the leasehold estate and thereafter prosecutes the same with all due diligence; and (b) there is timely paid to Lessor the rent, additional rent and all other sums which have, or may, become due and payable

*90 day provision for foreclosure.  
Has Citibank been to pay rental?  
17-*

during said period of time and as the same become due and payable, and all other terms and provisions of this Lease are duly complied with.

Section 9.06. No Voluntary Surrender of Leasehold Estate Without Consent of Leasehold Mortgagee. So long as there exists any unpaid or undischarged Leasehold Mortgage on the estate of Lessee created hereby, Lessor expressly agrees for the benefit of such Leasehold Mortgagee that it will not accept a voluntary surrender of the Demised Premises or a cancellation of this Lease from Lessee prior to the termination of this Lease without the written consent of the Leasehold Mortgagee, and Lessor and Lessee hereby agree for the benefit of any Leasehold Mortgagee that they will not subordinate this Lease to any mortgage that may hereafter be placed on the fee or amend or alter any terms or provisions of this Lease or consent to any prepayment of any rental or additional rental without securing the written consent thereto of any such Leasehold Mortgagee.

## ARTICLE X

### Miscellaneous

Section 10.01. Attorneys' Fees. If on account of any breach or default by either party hereunder, it shall become necessary for the other party hereto to employ an attorney to enforce or defend any of said party's rights or remedies hereunder, and should such party prevail in a final judgment, the party against whom enforcement was sought shall pay to the prevailing party any reasonable attorneys' fees incurred by reason of such proceedings.

Section 10.02. Inspection. Lessee shall permit Lessor and its agents to enter into and upon the Demised Premises at all reasonable times and upon reasonable notice for the purpose of inspecting the same on condition that Lessee's use and quiet enjoyment of the same is not interfered with.

Section 10.03. Estoppel Certificates. Lessee and Lessor shall, at any time and from time to time upon not less than ten (10) days' prior request by the other party, execute, acknowledge and deliver to Lessor, or Lessee, as the case may be, a statement in writing certifying that (i) this Lease is unmodified and in full force and effect (or if there have been any modifications, that the same is in full force and effect as modified and stating the modifications) and, if so, the dates to which the fixed rent and any other charges have been paid in advance, and (ii) that no default hereunder on the part of the Lessor or Lessee, as the case may be, exists (except that if any such default does exist, the certifying party shall specify such default), it being intended that any such statement delivered pursuant to this Section may be relied upon by any prospective purchaser or encumbrancer (including assignees) of the Demised Premises or this Lease.

Section 10.04. Non-Merger. There shall be no merger of this Lease, the leasehold estate created hereby or the leasehold estate or the improvements, including the holder of any mortgage upon the fee estate in and to the Demised Premises, shall join in a written instrument effecting such merger.

Section 10.05. Notices. Any notice to be given or to be served in connection with this Lease must be in writing, and may be given by certified or registered mail and shall be deemed to have been given and received seventy-two (72) hours after a certified or registered letter containing such notice, properly addressed, with postage prepaid is deposited in the United States Mail, addressed as follows:

If to Lessor:

City of Key West  
City Hall  
Key West, Florida 33040

If to Lessee:

Toby A. Arnheim  
P.O. Box 721  
Key West, Florida 33040

With copies to:

Richard C. Baker and  
J. L. Ogden  
c/o Tecon Realty Corporation  
1400 Expressway Tower  
6115 N. Central Expressway  
Dallas, Texas 75206

Kimbrell, Hamann, Jennings, Womack,  
Carlson and Kniskern, P.A.  
Suite 900 Brickell Centre  
799 Brickell Plaza  
Miami, Florida 33131

Attn: Carl K. Hoffman

Each party specified above shall have the right, by giving not less than five (5) days' prior written notice to the other parties hereto, to change any address of such party for the purpose of notices under this Section 10.05.

Section 10.06. Successors and Assigns. The word "Lessor" as used in this instrument shall extend to and include the City of Key West, Florida, as well as any and all persons, whether natural or artificial, who at any time or from time to time during the term of this Lease shall succeed to the interest and estate of Lessor in the Demised Premises; and all of the covenants, agreements, conditions, and stipulations herein contained which inure to the benefit of Lessor shall also inure to the benefit of the successors, assigns and grantees of Lessor, and each of them, and any and all persons who at any time or from time to time during the term of this Lease shall succeed to the interest and estate of Lessor in the real estate and property hereby demised. The word "Lessee" as used in this instrument shall extend to and include the parties executing this instrument as Lessee, as well as any and all persons, whether natural or artificial, who at any time or from time to time during the term of this Lease shall succeed to the interest and estate of Lessee hereunder and all of the covenants, agreements, conditions and stipulations herein contained which inure to the benefit of Lessee shall also inure to the benefit of the successors, assigns, or other representatives of Lessee, and of any and all persons who shall at any time or from time to



time during the term of this Lease succeed to the interest and estate of Lessee hereby created in the Demised Premises.

Section 10.07. Modifications. This Lease may be modified only by written agreement signed by Lessor and Lessee.

Section 10.08. Descriptive Headings. The descriptive headings in this Lease are inserted for convenience in reference only and do not in any way limit or amplify the terms and provisions of this Lease.

Section 10.09. No Joint Venture. The relationship between Lessor and Lessee at all times shall remain solely that of landlord and tenant and shall not be deemed a partnership or joint venture.

Section 10.10. Arbitration. Wherever in this Lease it is provided that any question shall be determined by arbitration, such question shall be settled and finally determined by arbitration in accordance with the rules then in effect of the American Arbitration Association, or its successors, and the judgment upon the award rendered may be entered in any court having jurisdiction thereover. Such arbitration shall be held in the City of Key West, Florida. If at the time such arbitration is to be held, the American Arbitration Association is not in existence and has no successor, the arbitrators shall be appointed by a Judge of the Circuit Court of Monroe County, Florida, or by any successor court, upon application of Lessor or Lessee, as the case may be. The number of arbitrators to be appointed shall be three (3). The parties to the arbitration, in addition to the rights granted under the rules of the Association, shall have the right to offer evidence and testify at the hearings and cross-examine witnesses.

Section 10.11. Option to Purchase; Right of First Refusal.

A. If at any time during the Lease Term Lessor shall desire to sell all or any portion of the Demised Premises but shall not have a bona fide offer from a third party, Lessor shall give written notice thereof to Lessee, and Lessee shall have the right and option (the "Option") at any time during the 60-day period following the receipt of such notice within which to exercise its Option to purchase the interest in the Demised Premises offered for sale for a purchase price equal to the purchase price stated in the notice from Lessor, or if no purchase price is stated, then at the fair market value of the portion to be sold, as determined by an appraisal made for that purpose by an appraiser acceptable to Lessor and Lessee. In the event that Lessee elects to exercise the Option, Lessee shall give written notice to Lessor on or before the expiration of the said sixty-day period, which notice shall be given as provided in Section 10.03 hereof.

B. In the event the Option is exercised, the sale of all or a portion of the Demised Premises to be sold shall be consummated at a closing (the "Closing") to be held in the City of Key West, Florida, at such place and time as may be designated by Lessor in a written notice to Lessee, on a date which shall be mutually acceptable to both parties, but in no event later than 180 days after the date of the exercise of the Option. (provided that if such date shall fall on a

Saturday, Sunday or other business holiday, the Closing shall be held on the next regular business day).

C. At the Closing, payment of the purchase price shall be made in cash by a bank cashier's check or other means acceptable to Lessor in funds current in Key West, Florida, and Lessor shall convey its undivided interest in the Demised Premises to Lessee by a General Warranty Deed free and clear of all liens or encumbrances. In lieu of a cash sale, Lessor shall have the right to require that all or a portion of the purchase price be evidenced by a promissory note secured by a mortgage upon terms and conditions mutually agreeable to Lessee and Lessor. Concurrently with the execution and delivery of the Warranty Deed, Lessor shall furnish to Lessee, at the cost of Lessor, an Owner's Policy of Title Insurance issued by a title company reasonably acceptable to Lessee insuring that Lessee has good and indefeasible title to the portion of the Demised Premises conveyed in the full amount of the purchase price and subject to no exceptions other than the encumbrances permitted herein and standard printed exceptions, provided that the restrictive covenants section shall state "none of record".

D. If Lessor shall at any time desire to sell all or any portion of the Demised Premises to a third party, and if Lessor shall have received a bona fide written offer from such third party, written notice thereof will be given to Lessee and Lessee will have the right, for a period of sixty (60) days after the receipt of such notice, within which to enter into a contract to purchase the Demised Premises or a portion thereof for the price and upon the terms and conditions set forth in the offer from the third party.

Section 10.12. Memorandum of Lease. Lessor and Lessee agree that they shall, at any time at the request of the other, promptly execute a memorandum or short form of this Lease, in recordable form, setting forth a description of the Demised Premises, the term of this Lease, and any other provisions herein, or the substance thereof, as either party desires.

Section 10.13. Partial Invalidity. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to any person or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Lease shall be valid and be in force to the fullest extent permitted by law.

Section 10.14. Holding Over. Any holding over by Lessee of the Demised Premises after the expiration of the Lease Term shall operate and be construed as a tenancy from day to day at a daily rental equal to the daily rental payable during the thirty (30) day period immediately prior to such determination, and Lessee agrees to surrender the Demised Premises after the termination of the Lease Term immediately upon demand by Lessor.

Section 10.15. Representations and Warranties. Lessor hereby represents and warrants to Lessee as follows:

A. Lessor is a validly existing municipal corporation under the laws of the State of Florida.

9. All steps, acts and conditions required by all applicable laws, charters, ordinances, rules and regulations to be done as a condition precedent to the execution of this Lease by Lessor have been done, and Lessor has full authority to enter into this Lease Agreement.

Section 10.16. Permits. Lessor agrees that it will execute any and all documents required by Lessee to obtain building and environmental permits for the construction of the improvements set forth herein. This paragraph shall apply without limitation to all building and environmental permits required of Lessee by local, state or federal agencies.

Section 10.17. Compliance with the Purchase Contract. The obligations of Lessee and Lessor hereunder are expressly subject to and conditioned upon the purchase by Lessee of the property specified in the Purchase Contract and the full, faithful and timely performance by Lessor of each and every covenant and obligation of Lessor contained in the Purchase Contract, and in the event Lessor or Lessee shall for any reason fail to comply with any of its obligations under the Purchase Contract, the non-defaulting party shall have the right, without limitation of other remedies available to it, to terminate this Lease. Upon any termination of this Lease, the Purchase Contract shall automatically terminate and all amounts paid thereunder by Lessee shall promptly be returned by Lessor.

Section 10.18. Enabling Ordinance of Lessor. Lessor has provided to Lessee evidence that a valid and effective enabling ordinance of the City of Key West, Florida has been adopted approving and authorizing the execution and delivery of this Lease, together with an opinion of the city attorney for Lessor stating that Lessor is duly authorized to execute and deliver this Lease and to lease the Demised Premises.

Section 10.19. Advisory Committee. Lessor and Lessee agree that an advisory committee may be formed by Lessor to advise Lessee on matters of public play on the Demised Premises. The advisory committee shall be composed of three members appointed by Lessor and two members appointed by Lessee. This advisory committee may from time to time make suggestions to Lessee with respect to matters of public play on the Demised Premises, provided, however, that Lessee shall not in any event be obligated to comply with any suggestions of the advisory committee, it being understood that operation of the Demised Premises shall be in the sole and absolute discretion of Lessee.

Section 10.20. Green Fees. Lessee shall set the public green fees at a level comparable to the green fees of similar golf courses in South Florida, provided, however, that at no time shall Lessee be required to set public green fees at a level resulting in an operating loss.

Section 10.21. Access by the Public. Members of the general public who pay the posted green fees (which are set in accordance with Section 10.20 hereof) shall be permitted to play on the golf course subject to the reasonable rules and regulations promulgated from time to time by Lessee which are applicable on a uniform basis to all members and users of the golf course.

Section 10.22. Maintenance of Golf Course. Lessee shall during the term of this Lease cause all fairways and

NOTE - define Purchase Contract

GROUND LEASE AGREEMENT

between

THE CITY OF KEY WEST, FLORIDA

and

TOBY A. ARNHEIM

and

NORMAN B. WOOD

Dated: June 5, 1991

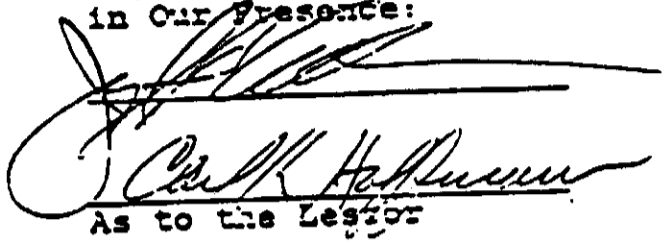
March 1991

greens of the golf course comprising a part of the Demised Premises to be maintained in a condition comparable to other eighteen hole championship golf courses in the State of Florida, provided that all necessary utilities required for such maintenance are available therefor. The unavailability of any utilities shall not, however, excuse Lessee from its obligations under this Section if such non-availability results directly from any acts or omissions of Lessee or its agents, servants or employees.

IN WITNESS WHEREOF, the parties have executed this instrument the day and year first above written.

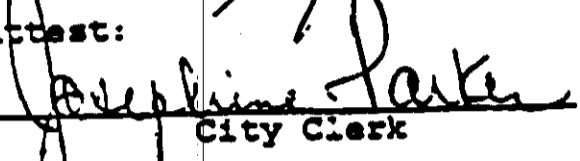
LESSOR:

Signed, Sealed and Delivered in Our Presence:

  
As to the Lessor


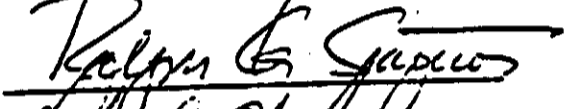

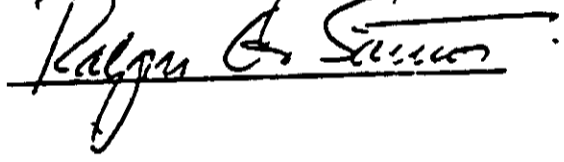
THE CITY OF KEY WEST, FLORIDA

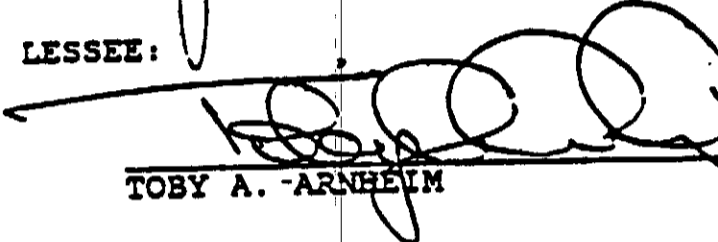
By  Mayor

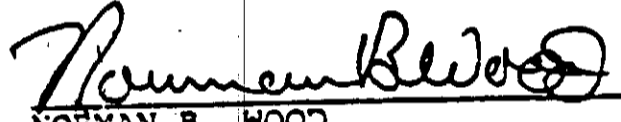
Attest:   
City Clerk

LESSEE:

Witness:

  
TOBY A. -ARNHEIM

  
NORMAN B. WOOD

As to the Lessee

BEING PART OF LAND ON STOCK ISLAND, MONROE COUNTY, FLORIDA AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:  
COMMENCING AT COORDINATES OF WHICH ARE X251,328.207 AND Y87,107.701 BASED ON THE UNITED STATES COAST AND GEODETIC SURVEY'S MERCATOR GRID COORDINATE SYSTEM WHICH HAS FOR ITS ZERO COORDINATES A POINT AT LATITUDE 24° 20' 00" NORTH AND 500,000.00 FEET WEST OF LONGITUDE 81° 00' 00" WEST, SAID POINT BEING THE INTERSECTION OF THE EASTERLY RIGHT-OF-WAY BOUNDARY LINE OF JUNIOR COLLEGE ROAD WITH THE NORTHERLY RIGHT-OF-WAY BOUNDARY LINE OF U.S. HIGHWAY #1 (STATE ROAD No. 5) AT THE WESTERLY END OF JUNIOR COLLEGE ROAD AND RUN THENCE NORTH 70° 58' 03" EAST ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF U.S. HIGHWAY #1 A DISTANCE OF 21.39 FEET TO THE POINT OF BEGINNING OF THE PARCEL OF LAND HEREIN DESCRIBED:  
THENCE NORTH 04° 24' 15" WEST ALONG THE EASTERLY BOUNDARY LINE OF THE LAND DESCRIBED IN DEED BOOK G-56 AT PAGE 59 OF THE PUBLIC RECORDS OF SAID MONROE COUNTY EXTENDED SOUTHERLY, FOR A DISTANCE OF 818.02 FEET TO THE SOUTHEAST CORNER OF THE LANDS NOW LEASED TO THE KEY WEST GARDEN CLUB, INC., AS DESCRIBED IN SAID LEASE AUTHORIZED BY RESOLUTION No. 76-70 OF THE CITY COMMISSION OF THE CITY OF KEY WEST;  
THENCE NORTH 00° 33' 35" EAST ALONG THE EASTERLY BOUNDARY LINE OF SAID LEASE FOR A DISTANCE OF 435 FEET;  
THENCE NORTH 29° 33' 35" EAST ALONG THE EASTERLY BOUNDARY LINE OF SAID LEASE FOR A DISTANCE OF 400 FEET;  
THENCE NORTH 17° 18' 35" EAST ALONG THE EASTERLY BOUNDARY LINE OF SAID LEASE FOR A DISTANCE OF 300 FEET;  
THENCE NORTH 44° 26' 25" WEST ALONG THE NORTHERLY BOUNDARY LINE OF SAID LEASE FOR A DISTANCE OF 50 FEET;  
THENCE SOUTH 46° 33' 35" WEST ALONG THE WESTERLY BOUNDARY LINE OF SAID LEASE FOR A DISTANCE OF 585 FEET;  
THENCE SOUTH 06° 34' 53" WEST ALONG THE WESTERLY BOUNDARY LINE OF SAID LEASE FOR A DISTANCE OF 155.68 FEET TO THE NORTHEAST CORNER OF THE LANDS DESCRIBED IN OFFICIAL RECORD BOOK No. 365 AT PAGE 324 OF THE SAID PUBLIC RECORDS;  
THENCE RUN NORTH 70° 12' 57" WEST ALONG THE NORTH BOUNDARY LINE OF SAID LAND DESCRIBED IN OFFICIAL RECORD BOOK No. 365 AT PAGE 324 AND EXTENSION OF SAID NORTH BOUNDARY LINE FOR A DISTANCE OF 252.44 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF THE LANDS DESCRIBED IN OFFICIAL RECORD BOOK 408 AT PAGE 345 OF THE SAID PUBLIC RECORDS;  
THENCE NORTH 22° 53' 13" EAST ALONG THE SAID EASTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 598.26 FEET;  
THENCE NORTH 47° 22' 24" EAST FOR A DISTANCE OF 400.00 FEET TO THE SOUTHWESTERLY CORNER OF THE LANDS DESCRIBED IN OFFICIAL RECORD BOOK No. 66 AT PAGE 421 OF THE SAID PUBLIC RECORDS;  
THENCE NORTH 40° 25' 03" EAST ALONG THE NORTHWESTERLY BOUNDARY LINE OF THE LANDS DESCRIBED IN SAID OFFICIAL RECORD BOOK No. 66 FOR A DISTANCE OF 600 FEET TO THE NORTHWESTERLY CORNER OF LANDS DESCRIBED IN SAID OFFICIAL RECORD BOOK No. 66;

THENCE NORTH 42° 55' 10" EAST FOR A DISTANCE OF 645.91 FEET TO THE  
SOUTHEASTERLY RIGHT-OF-WAY LINE OF THE LANDS DESCRIBED IN AFORESAID OFFIC  
RECORD BOOK No. 408;  
THENCE RUN NORTH 62° 03' 18" EAST ALONG SAID RIGHT-OF-WAY LINE FOR A DIST  
OF 412 FEET TO THE WESTERLY CORNER OF THE LANDS DESCRIBED IN OFFICIAL REC  
BOOK No. 416 AT PAGE 457 OF THE SAID PUBLIC RECORDS;  
THENCE RUN SOUTH 27° 55' 42" EAST ALONG THE SOUTHWESTERLY BOUNDARY LINE C  
LANDS DESCRIBED IN SAID OFFICIAL RECORD BOOK No. 416 FOR A DISTANCE OF 70  
FEET TO THE SOUTHERLY CORNER OF SAID LANDS;  
THENCE NORTH 62° 03' 20" EAST ALONG THE SOUTHEASTERLY BOUNDARY LINE OF TH  
LANDS DESCRIBED IN THE SAID OFFICIAL RECORD BOOK No. 416 FOR A DISTANCE C  
896.20 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF THE LANDS DESCRIBED IN S  
OFFICIAL RECORD BOOK No. 408;  
THENCE SOUTH 12° 03' 39" EAST ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE  
61.59 FEET TO THE BEGINNING OF A CURVE, CONCAVE TO THE NORTHEAST AND HAVI  
A RADIUS OF 550 FEET;  
THENCE SOUTHEASTERLY ALONG SAID CURVED RIGHT-OF-WAY LINE FOR AN ARC DISTA  
OF 201.59 FEET;  
THENCE SOUTH 33° 03' 39" EAST FOR A DISTANCE OF 265.73 FEET TO THE BEGINN  
OF A CURVE, CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 550 FEET;  
THENCE SOUTHEASTERLY ALONG SAID CURVED RIGHT-OF-WAY LINE FOR AN ARC DISTA  
OF 266.83 FEET;  
THENCE SOUTH 60° 51' 29" EAST FOR A DISTANCE OF 370.58 FEET TO THE BEGINN  
OF A CURVE, CONCAVE TO THE SOUTHWEST AND HAVING A RADIUS OF 3769.72 FEET;  
THENCE SOUTHEASTERLY ALONG SAID CURVED RIGHT-OF-WAY LINE FOR AN ARC DISTA  
OF 180.60 FEET;  
THENCE SOUTH 22° 15' 23" WEST FOR A DISTANCE OF 86.38 FEET TO A POINT;  
THENCE NORTH 43° 37' WEST FOR A DISTANCE OF 208.02 FEET TO A POINT;  
THENCE NORTH 81° 00' WEST FOR A DISTANCE OF 115.00 FEET TO A POINT;  
THENCE SOUTH 26° 10' WEST FOR A DISTANCE OF 465.00 FEET TO A POINT;  
THENCE NORTH 86° 11' 18" WEST FOR A DISTANCE OF 238.37 FEET TO A POINT;  
THENCE SOUTH 63° 00' WEST FOR A DISTANCE OF 202.50 FEET TO A POINT;  
THENCE SOUTH 02° 20' EAST FOR A DISTANCE OF 77.00 FEET TO A POINT;  
THENCE SOUTH 33° 02' 52" WEST FOR A DISTANCE OF 273.48 FEET TO A POINT;  
THENCE SOUTH 70° 00' WEST FOR A DISTANCE OF 140.00 FEET TO A POINT;  
THENCE NORTH 34° 15' WEST FOR A DISTANCE OF 567.00 FEET TO A POINT;  
THENCE NORTH 75° 15' WEST FOR A DISTANCE OF 655.58 FEET TO A POINT;  
THENCE SOUTH 34° 41' 34" WEST FOR A DISTANCE OF 405.85 FEET TO A POINT;  
THENCE SOUTH 38° 50' WEST FOR A DISTANCE OF 251.36 FEET TO A POINT;  
THENCE SOUTH 33° 20' WEST FOR A DISTANCE OF 573.00 FEET TO A POINT;  
THENCE SOUTH 03° 40' 22" WEST FOR A DISTANCE OF 549.85 FEET TO A POINT;  
THENCE NORTH 71° 00' EAST FOR A DISTANCE OF 338.50 FEET TO A POINT;  
THENCE NORTH 21° 15' EAST FOR A DISTANCE OF 370.00 FEET TO A POINT;  
THENCE NORTH 38° 15' EAST FOR A DISTANCE OF 188.52 FEET TO A POINT;  
THENCE NORTH 25° 00' EAST FOR A DISTANCE OF 165.30 FEET TO A POINT;  
THENCE NORTH 21° 30' WEST FOR A DISTANCE OF 151.47 FEET TO A POINT;  
THENCE NORTH 00° 20' EAST FOR A DISTANCE OF 284.00 FEET TO A POINT;

THENCE NORTH 20° 20' EAST FOR A DISTANCE OF 173.0 FEET TO A POINT OF CURVE  
CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 70.00 FEET;  
THENCE NORTHEASTERLY AND SOUTHEASTERLY ALONG SAID CURVE FOR AN ARC DISTANCE  
OF 150.88 FEET TO THE POINT OF REVERSE CURVE;  
THENCE SOUTHEASTERLY ALONG A CURVE, CONCAVE TO THE NORTHEAST AND HAVING A  
RADIUS OF 350.00 FEET, FOR AN ARC DISTANCE OF 189.99 FEET TO THE END OF  
SAID CURVE;

THENCE SOUTH 15° 30' EAST FOR A DISTANCE OF 545.60 FEET TO A POINT;  
THENCE SOUTH 25° 00' WEST FOR A DISTANCE OF 600.00 FEET TO A POINT;  
THENCE NORTH 59° 00' EAST FOR A DISTANCE OF 614.00 FEET TO A POINT;  
THENCE NORTH 74° 00' EAST FOR A DISTANCE OF 346.60 FEET TO A POINT;  
THENCE SOUTH 88° 20' EAST FOR A DISTANCE OF 239.25 FEET TO A POINT;  
THENCE NORTH 77° 40' EAST FOR A DISTANCE OF 183.78 FEET TO A POINT;  
THENCE SOUTH 25° 40' EAST FOR A DISTANCE OF 201.70 FEET TO A POINT;  
THENCE NORTH 65° 30' EAST FOR A DISTANCE OF 284.00 FEET TO A POINT;  
THENCE NORTH 24° 30' WEST FOR A DISTANCE OF 223.28 FEET TO A POINT;  
THENCE SOUTH 89° 30' 00" WEST FOR A DISTANCE OF 90.85 FEET TO A POINT;  
THENCE NORTH 24° 30' 00" WEST FOR A DISTANCE OF 75.00 FEET TO A POINT;  
THENCE NORTH 65° 30' EAST FOR A DISTANCE OF 88.00 FEET TO A POINT OF CURVE  
CONCAVE TO THE NORTHWEST AND HAVING A RADIUS OF 500.00 FEET;  
THENCE NORTHEASTERLY ALONG SAID CURVE AN ARC DISTANCE OF 216.08 FEET TO THE  
END OF SAID CURVE;

THENCE NORTH 87° 50' 12" EAST FOR A DISTANCE OF 661.73 FEET TO A POINT;  
THENCE SOUTH 55° 40' EAST FOR A DISTANCE OF 461.00 FEET TO A POINT;  
THENCE NORTH 38° 00' WEST FOR A DISTANCE OF 480.00 FEET TO A POINT;  
THENCE NORTH 48° 00' WEST FOR A DISTANCE OF 510.00 FEET TO A POINT;  
THENCE NORTH 40° 11' 41" EAST FOR A DISTANCE OF 194.11 FEET TO THE SOUTH-  
WESTERLY RIGHT-OF-WAY LINE OF THE LANDS DESCRIBED IN THE AFORESAID OFFICIAL  
RECORD BOOK No. 408;

THENCE SOUTH 57° 13' 04" EAST ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE  
OF 706.82 FEET TO THE BEGINNING OF A CURVE, CONCAVE TO THE SOUTHWEST AND  
HAVING A RADIUS OF 250 FEET;

THENCE SOUTHEASTERLY ALONG SAID CURVED RIGHT-OF-WAY LINE FOR AN ARC  
DISTANCE OF 177.76 FEET;

THENCE SOUTH 16° 33' 39" EAST ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE  
OF 343.19 FEET TO THE BEGINNING OF A CURVE, CONCAVE TO THE SOUTHWEST AND  
HAVING A RADIUS OF 1477.88 FEET;

THENCE SOUTHEASTERLY ALONG SAID CURVED RIGHT-OF-WAY LINE FOR AN ARC  
DISTANCE OF 193.20 FEET TO THE NORTHERLY RIGHT-OF-WAY LINE OF U.S.  
HIGHWAY No. 1;

THENCE SOUTH 80° 54' 38" WEST ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE  
OF 1165.43 FEET TO THE BEGINNING OF A CURVE, CONCAVE TO THE SOUTHEAST AND  
AND HAVING A RADIUS OF 2964.93 FEET;

THENCE SOUTHWESTERLY ALONG SAID CURVED RIGHT-OF-WAY LINE FOR AN ARC DISTANCE  
OF 514.57 FEET;



THENCE SOUTH 70° 58' 03" WEST ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE  
2581.10 FEET BACK TO THE POINT OF BEGINNING;

-LESS AND EXCEPT-

THE LANDS DESCRIBED IN OFFICIAL RECORD BOOK 66 AT PAGE 421 OF THE SAID PU  
RECORDS.

The lands described in Official Record Book G-52 at Page 32 of the said  
Public Records.

IMPROVEMENTS

THE CLUBHOUSE:

The clubhouse improvements will be a multistory wood frame building with an approximate square footage of 8,700 square feet.

The following functions have been identified within the building:

Pro Shop

Restaurant

Lounge

Locker Rooms

Rest Rooms

Administrative Offices

Sales Office

Rental Office

THE GOLF COURSE:

The golf course will be an 18 hole Championship Quality course built to specifications and drawings prepared by Rees Jones, Inc., a nationally recognized golf course architect.

EXHIBIT "B"

TO

GROUND LEASE AGREEMENT

KEY WEST GOLF COURSE

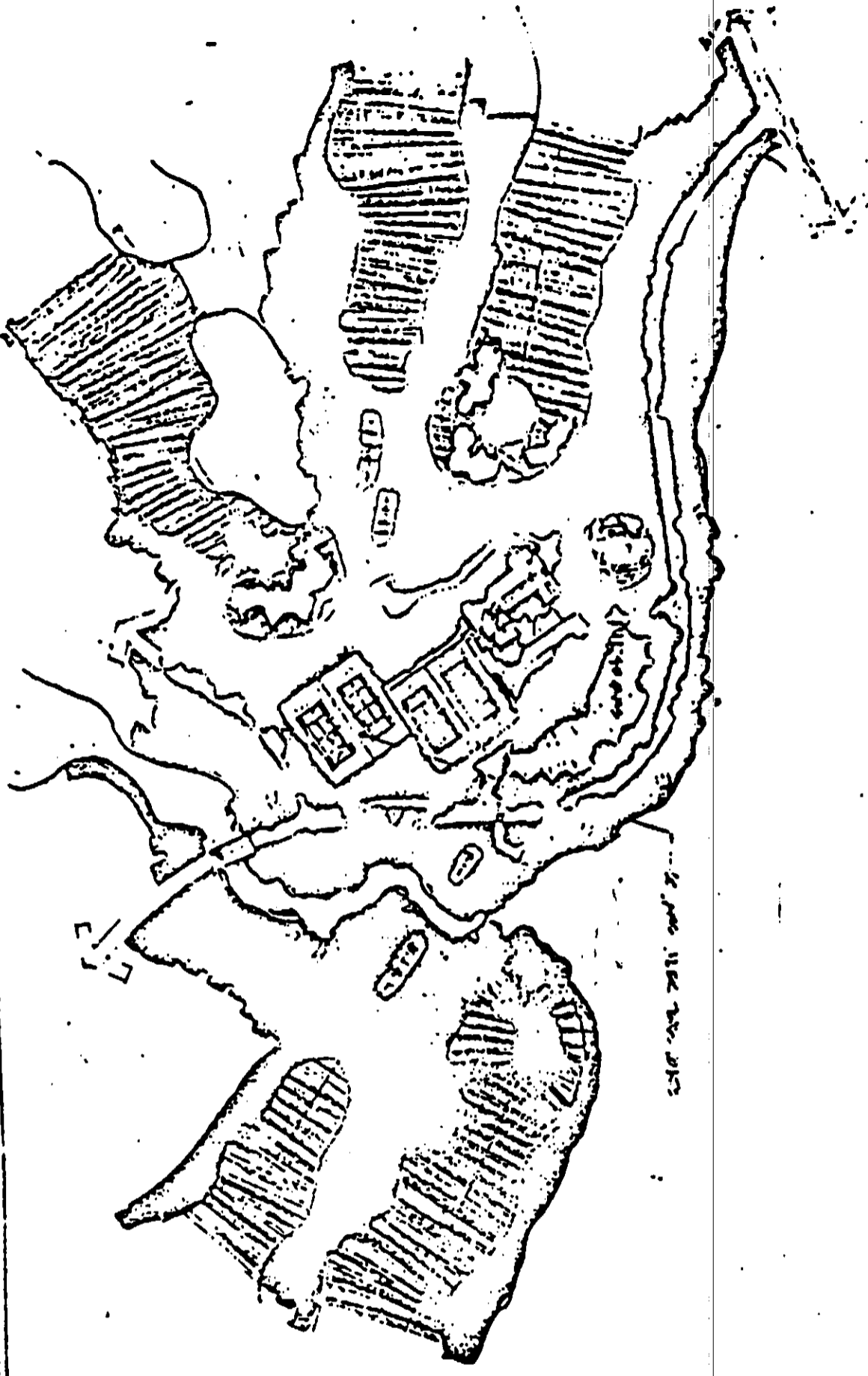
AMERICAN WOOD

CLUB HOUSE

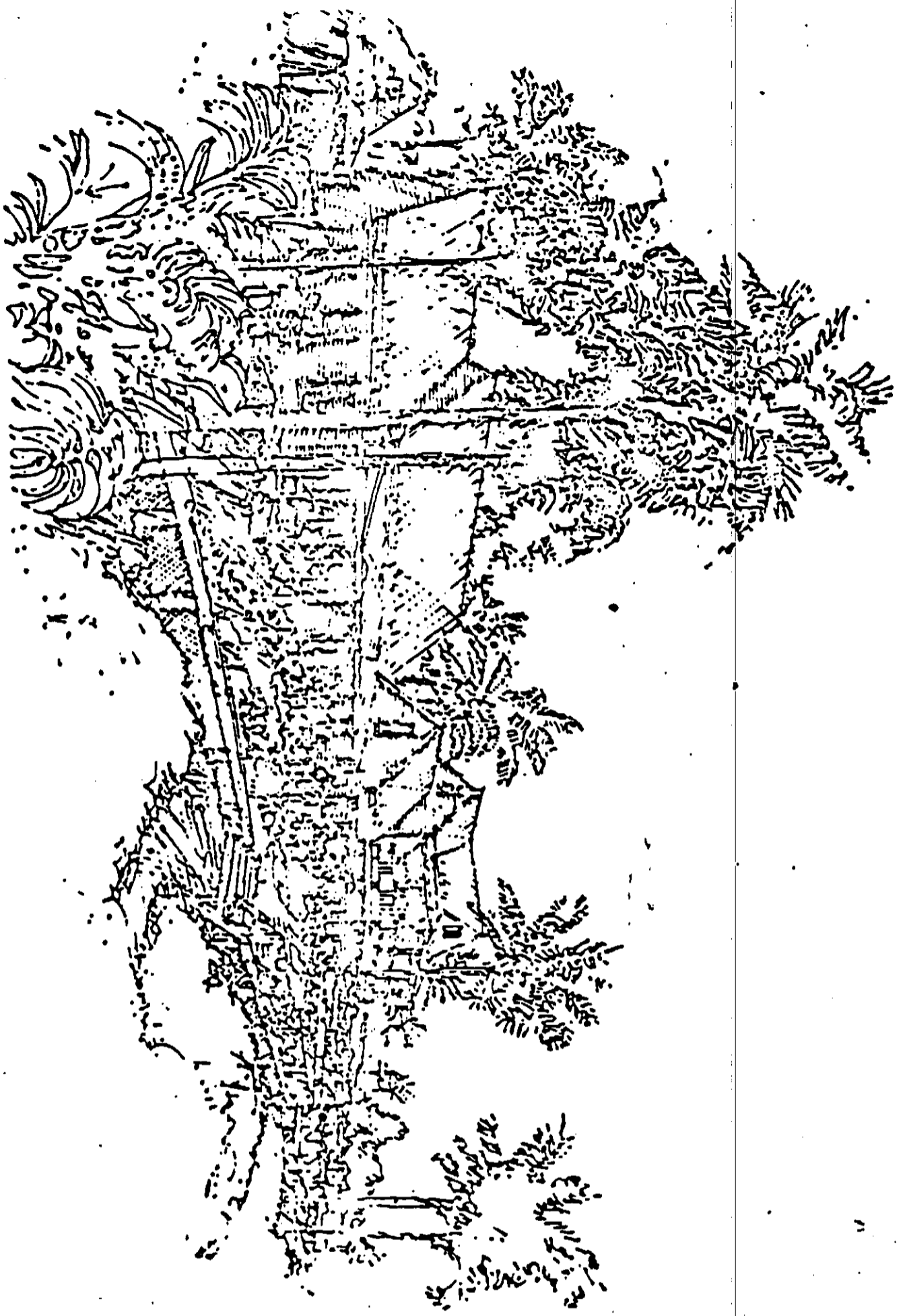
PRO SHOP

GOLF CLUB

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24 HOLE 18 HOLE 21 HOLE





**WEST GOLF COURSE**

AMMON WOOD

**MASTER PLAN**

SCALE 1:25,000  
DATE 1950  
BY A. WOOD



8

Permitting  
The following is a list of required permits and their current status:

A. Division of State Planning Development of Regional Impact (D.R.I.)

While the project comprises only 597 units, well below the D.R.I. threshold, a Binding Letter of Interpretation was requested because the site is in an area of critical concern. All approvals and development orders emanate from the city of Key West, without Regional Planning Council review.

B. Department of Environmental Regulations - Complex Air Pollution Source

The request for a binding letter of interpretation was sent to the Department of Environmental Regulations on August 20, 1980 and is pending their review.

C. Department of Environmental Regulations and Corps of Engineers Dredge and Fill Permit.

The formal permit submittal was sent to the D.E.R. on September 26, 1980 and is pending their review. The design team has met with the appropriate agencies' field representatives and incorporated their input into the Master Plan. The agency representatives seem to be in favor of the project's design, which respects the environmentally sensitive areas and improves many stressed areas.

D. South Florida Water Management District - Surface Water Management Permit

The S.F.W.M.D. representatives have made an on-site review of the proposed project and do not see any major restrictions to the development. They will be mainly concerned with water quality and agree with the proposed natural sheet flow and percolation treatment of storm water runoff. The formal permit application is expected to be submitted by December of 1980.

E. Department of Environmental Regulations - Land Disposal (Spray Irrigation Permit)

The required permit data is presently being prepared. The formal permit application must be submitted by the treatment plant utility company and is pending further purchase negotiations. This disposal process is currently endorsed by the Florida Department of Environmental Regulations.

F. Construction Permits

Additional standard construction permits will be required after the completion of the final construction documents.

EXHIBIT "C"

TO

GROUND LEASE AGREEMENT

13

*for units  
at Club house  
on back?*

to Ground Lease

Reservation by the Trustees of the Internal Improvement Fund of an undivided one of all Petroleum and Petroleum Products and an undivided three-fourths of all of minerals that may be located in the land described in the Deed hereafter described together with a reservation of an easement for State Road Right-of-Way 200 feet lying equally on each side of the center line of any State Road existing on the of the Deed (namely July 28, 1944) thru so much of any parcel described in said as is within 100 feet of said center line. The Deed is dated July 28, 1944, filed record August 2, 1944, and recorded in Deed Book J-2, Page 273; and reservation similar road right-of-way by Deed from Trustees of the Internal Improvement Fund number Municipal - 12, dated August 29, 1942, filed February 3, 1943, and record in Deed Book J-2, Page 157.

Statute and regulations declaring Monroe County an area of Critical State Concern as shown by documents filed in Official Records Book 668, Page 43, Public Records of Monroe County, Florida.

Conveyance by the City of Key West, Florida, Municipal Corporation to Arthur S. Post No. 28, American-Legion, Department of Florida, Monroe County, State of Florida of 3.134 acres by deed, dated June 20, 1953, filed for record July 10, 1953 and recorded in Deed Book G-71, Page 137. Said deed provides that should the American Legion Post abandon or cease to use the premises as an American Legion Home or to convey the above-described premises, then and in that event, the land there conveyed shall revert to the City of Key West.

Easement from the City of Key West to the Lower Florida Keys Hospital District dated June 22, 1971, recorded July 13, 1971, in Official Records Book 480, at Page 895, of the Public Records of Monroe County, Florida.

Quit Claim Deed from the City of Key West to the State Road Department of Florida dated July 7, 1942, and recorded August 5, 1942, in Deed Book 6-11, Page 410, Public Records of Monroe County, Florida

Lease by the City of Key West, Florida, a municipal corporation, to Key West Rotary Club for a period of twenty-five years from November 5, 1973, of a strip of land 20 feet wide on Stock Island, as more specifically described in the Lease dated November 9, 1972.

EXHIBIT "D"

TO

GROUND LEASE AGREEMENT

Description of Title Defects

The right, title and interest of Walter S. Morrow in Lot 15, Block 1, the right title and interest of Ramon Alvarez in Lot 3, Block 6, the right, title and interest of Florida Keys Land Company, a Florida corporation, in Lot 22, Block 7, the right title and interest of M. G. Eden in Lot 3, Block 2, and Lot 3, Block 10, and the right, title and interest of Emily M. Myers in Lot 13, Block 5, all in Florida Keys Land Company's Subdivision, according to the Plat thereof, as recorded in Plat Book 1, at Page 52, of the Public Records of Monroe County, Florida.

*Another copy  
of Plat -  
The title defects  
have been cured in  
accordance with  
Section 5.03 laws?*

EXHIBIT "E"

TO

GROUND LEASE AGREEMENT



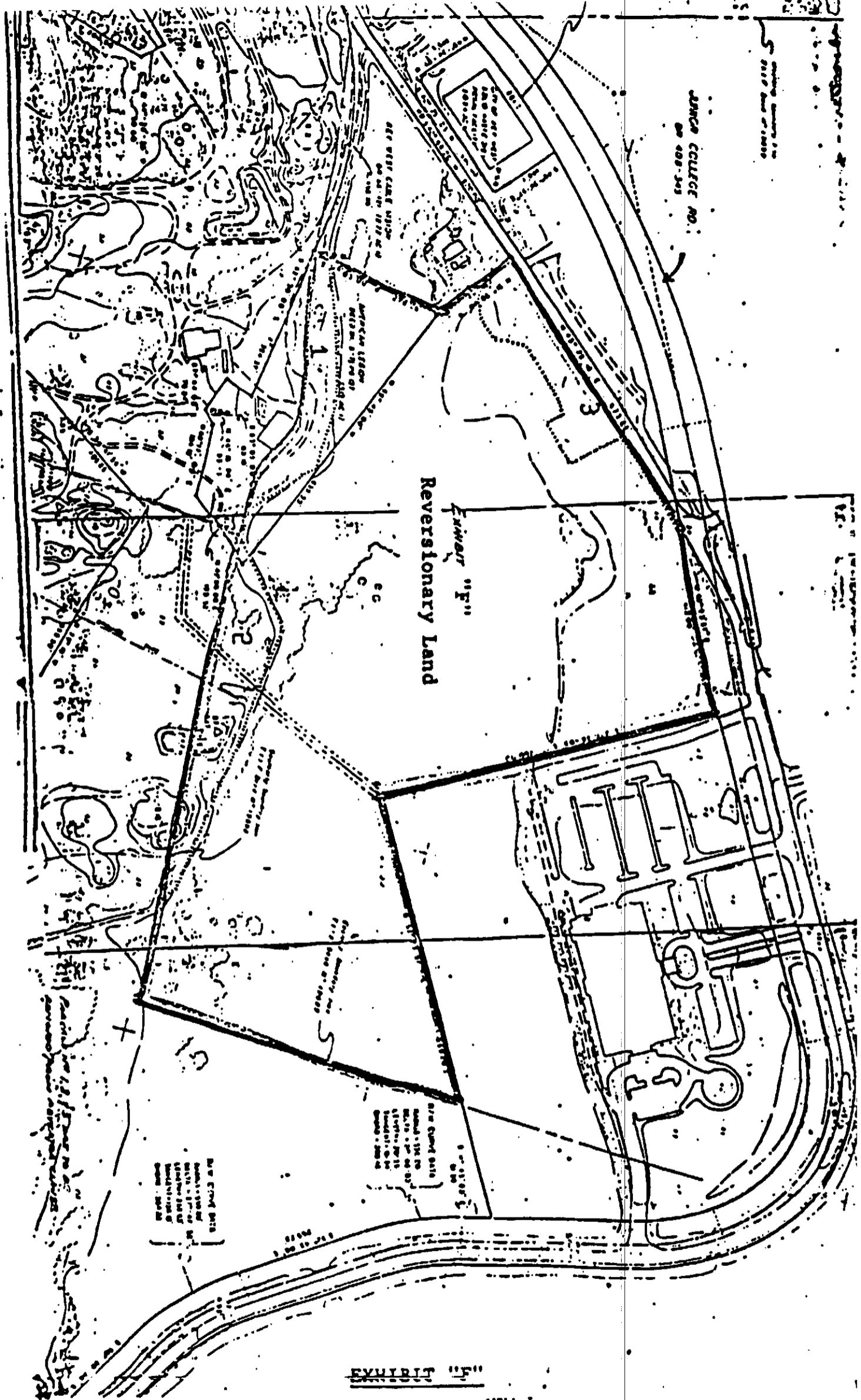


EXHIBIT "F"

TO

GROUND LEASE AGREEMENT

Trustees of the Internal Improvement Fund of the State of Florida, under and by virtue of the authority of Section 253.12 Florida Statutes, 1941, and according to the Provisions and procedure provided for in Section 253.13, Florida Statutes, 1941.  
By: Fuller Warren, Governor, C. M. Gay, Comptroller, J. Edwin Larson, Treasurer, Richard W. Ervin, Attorney General, Nathan Mayo, Commissioner of Agriculture.

DEED  
Deed No: 19699  
Dated October 30, 1950  
Filed February 1, 1951  
Recorded in Deed Book  
G-52, page 32  
Consideration: \$760.00

To

THE CITY OF KEY WEST, FLORIDA, Monroe County, Florida.

*Realty Land - 25 acre*

PROVIDED, HOWEVER, anything herein to the contrary notwithstanding, this deed is given and granted upon the express condition subsequent that the Grantee hereinafter or its successors and assigns shall never sell or convey or lease the above described land or any part thereof to any private person, firm or corporation for any private use or purpose, it being the intention of this restriction that the said lands shall be used solely for public purposes.

It is covenanted and agreed that the above conditions subsequent shall run with the land and any violation thereof shall render this deed null and void and the above described lands, shall in such event, revert to the Grantors or their successors.

TO HAVE AND TO HOLD <sup>State of Florida</sup> the said above mentioned and described land and premises, and all the title and interest of the Trustees therein as granted to them by Section 253.12, Florida Statutes, 1941 unto the said THE CITY OF KEY WEST, FLORIDA and its successors and assigns, forever.

SAVING AND RESERVING unto the Trustees of the Internal Improvement Fund of Florida, and their successors, an undivided  $\frac{3}{4}$  interest in and title in and to an undivided  $\frac{3}{4}$  interest in all the phosphate, minerals and metals that are or may be in, on or under the said above described lands, and an undivided  $\frac{1}{2}$  interest in and title in and to an undivided  $\frac{1}{2}$  interest in all the petroleum that is or may be in or under the said above described land, with the privilege to mine and develop the same.

KNOW ALL MEN BY THESE PRESENTS: That the undersigned, the Trustees of the Internal Improvement Fund of the State of Florida, under and by virtue of the authority of Section 253.12 Florida Statutes, 1941, and according to the provisions and procedure provided for in Section 253.13 Florida Statutes, 1941, and for and in consideration of the sum of \$760.00 to them in hand paid by the City of Key West, Florida, Monroe County, Florida, receipt of which is hereby acknowledged, have granted, bargained, sold and conveyed to the said The City of Key West, Florida and its successors and assigns forever, the following described land, to-wit:

Commencing at a point on the center line of the pavement of U. S. Highway No. 1 at the Eastern end of the bridge connecting Stock Island and the Island of Key West over Cow Key Channel, said point being the extreme Easterly line of the concrete deck of said bridge;

thence in a Northeasterly direction a distance of 300 feet to point C;

thence to the left and Northerly and Westerly at an angle of  $88^{\circ} 50'$  a distance of 305.64 feet to point B;

thence to the left and Northwesterly at an angle of  $147^{\circ} 20'$  a distance of 350 feet to point A;

thence to the right and Northerly and Westerly at an angle of  $166^{\circ} 47'$  a distance of 300 feet to point No. 2;

thence to the right and Northerly and Westerly at an angle of  $171^{\circ} 11'$  a distance of 263 feet to point No. 3;

thence to the right and Northerly at an angle of  $152^{\circ} 43' 40''$  a distance of 127 feet to point No. 4;

thence to the right and Northerly and Easterly at an angle of  $150^{\circ} 39'$  a distance of 600 feet to point No. 5;

thence to the right and Northerly and Easterly at an angle of  $172^{\circ} 44'$  a distance of 600 feet to point No. 6;

thence to the right and Northeasterly at an angle of  $159^{\circ} 43'$  a distance of 400 feet to point No. 7 or place of beginning; from said point or place of beginning

55' a distance of 300 feet to point No. 8;

thence to the right and Easterly at an angle of  $174^{\circ} 22'$  a distance of 193 feet to point No. 9;

thence to the left and Easterly and Northerly at an angle of  $172^{\circ} 05'$  a distance of 359 feet to point No. 10;

thence to the right and Southeasterly at an angle of  $140^{\circ} 19'$  a distance of 137 feet to point No. 11;

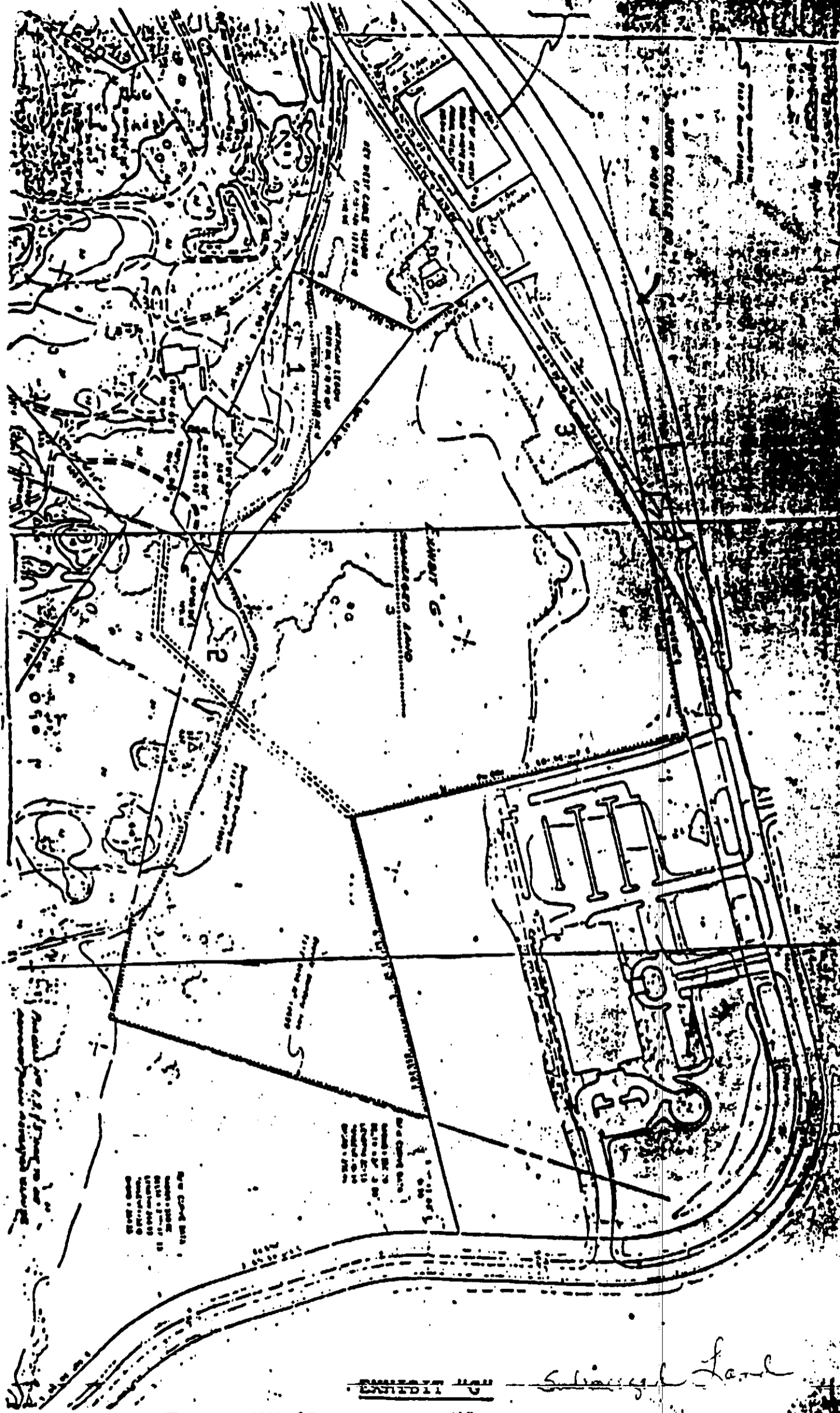
thence to the left and Easterly at an angle of  $149^{\circ} 06'$  a distance of 1106 feet to point No. 12;

thence to the left and Northerly at an angle of  $97^{\circ} 22'$  a distance of 1195 feet to point No. 13;

thence to the left and Northwesterly at an angle of  $147^{\circ} 45'$  a distance of 855 feet to point No. 14;

thence to the left and Southwesterly at an angle of  $90^{\circ}$  a distance of 2237 feet more or less to point No. 15;

thence to the left and Southerly and Easterly at an angle of  $90^{\circ}$  a distance of 1030 feet more or less back to the point or place of beginning, containing a total of 76 acres, more or less, all of which is overflow land or mangrove swamp or bay-bottom land adjoining City-owned property above.



EMMAIT G. SUNSHINE LAND

TO

GROUND LEASE AGREEMENT