

SETTLEMENT AGREEMENT

**LAKE GRADY ROAD AND BRIDGE DISTRICT
HILLSBOROUGH COUNTY
ANGELA S. CUDLIPP
MICHAEL P. CUDLIPP
CUDLIPP CONSTRUCTION AND DEVELOPMENT COMPANY
ZARAGOSA PROPERTIES, INC.**

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INDEX

| | | |
|---------------|--|----|
| INDEX | | i |
| PARAGRAPH 1. | <u>Due Execution and Delivery Requirements</u> | 6 |
| PARAGRAPH 2 | <u>Condition Precedent Related to SRHOA Approval</u> | 7 |
| | (1) <u>SRHOA Approval</u> | 8 |
| PARAGRAPH 3. | <u>Conditions Precedent Related to Dismissal of</u> | |
| | <u>Lawsuits</u> | 8 |
| | <u>Resolution of Certain Litigation</u> | 8 |
| PARAGRAPH 4. | <u>Implementing Escrows</u> | 10 |
| PARAGRAPH 5. | <u>Construction Fund</u> | 12 |
| PARAGRAPH 6. | <u>Maintenance Fund</u> | 16 |
| PARAGRAPH 7. | <u>Restoration of the New Dam</u> | 16 |
| PARAGRAPH 8. | <u>Tax Proceeds</u> | 19 |
| PARAGRAPH 9. | <u>Quiet Title Proceedings</u> | 19 |
| PARAGRAPH 10. | <u>Title to Site of New Dam</u> | 20 |
| PARAGRAPH 11. | <u>Marketing and Sale of Escheated Lots</u> | 22 |
| PARAGRAPH 12. | <u>Proceeds of Sale of Escheated Lots</u> | 23 |
| PARAGRAPH 13. | <u>Audit Rights</u> | 26 |
| PARAGRAPH 14. | <u>Commencement and Completion of Restoration of</u> | |
| | <u>the New Dam</u> | 26 |
| | A. <u>Deadline for Commencement</u> | 26 |
| | B. <u>Timing of Restoration of the New Dam</u> | 26 |
| | C. <u>Disposition of Remaining Funds Upon</u> | |
| | <u>Completion of Restoration</u> | 29 |
| | D. <u>Failure to Commence or Complete the New</u> | |
| | <u>Dam</u> | 30 |

| | | |
|---------------|---|----|
| | (1) <u>Arbitrary Failure to Proceed</u> . . . | 30 |
| | (2) <u>All Other Cases of Failure to Proceed</u> | 31 |
| PARAGRAPH 15. | <u>Zaragosa's Corporate Status</u> | 33 |
| PARAGRAPH 16. | <u>Cudlipp Corporation's Status</u> | 34 |
| PARAGRAPH 17. | <u>Time of the Essence</u> | 34 |
| PARAGRAPH 18. | <u>Notices</u> | 35 |
| PARAGRAPH 19. | <u>Governing Law; Venue</u> | 36 |
| PARAGRAPH 20. | <u>Release of All Prior Claims</u> | 36 |
| PARAGRAPH 21. | <u>No Intent to Encumber Escheated Lots</u> . . . | 37 |
| PARAGRAPH 22. | <u>Warranty of Authorization</u> | 37 |
| PARAGRAPH 23. | <u>Headings; Construction</u> | 37 |
| PARAGRAPH 24. | <u>Invalid Provisions</u> | 37 |
| PARAGRAPH 25. | <u>Assignment and Delegation</u> | 38 |
| PARAGRAPH 26. | <u>Binding Effect</u> | 38 |
| PARAGRAPH 27. | <u>Entire Agreement</u> | 38 |
| PARAGRAPH 28. | <u>Execution Requirements</u> | 39 |
| PARAGRAPH 29. | <u>TERMS AND CONDITIONS RELATED TO OBLIGATIONS OF THE SRHOA</u> | 39 |
| | <u>Maintenance Entity Selection and Operating Terms</u> | 39 |
| PARAGRAPH 30. | <u>Default of SRHOA and/or Maintenance Entity</u> | 41 |
| EXHIBIT 1 | <u>Construction Fund and Maintenance Fund Escrow Agreement</u> | |
| EXHIBIT 2 | <u>List of Escheated Lots</u> | |
| EXHIBIT 3 | <u>Tax Delinquent Lots</u> | |

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("Agreement"), dated for reference as of the ____ day of ____, 1997, is hereby made and entered by **LAKE GRADY ROAD AND BRIDGE DISTRICT**, a special taxing district organized and operating under the laws of the State of Florida (the "Lake Grady District"); **HILLSBOROUGH COUNTY**, a political subdivision of the State of Florida ("County"); **ANGELA S. CUDLIPP** and **MICHAEL P. CUDLIPP** (jointly and severally, "Cudlippo"); **CUDLIPP CONSTRUCTION AND DEVELOPMENT COMPANY**, a Florida corporation for profit wholly owned by the Cudlippo (the "Cudlipp Corporation") (the Cudlippo and the Cudlipp Corporation being hereinafter referred to jointly and severally as "Cudlipp"); and **ZARAGOSA PROPERTIES, INC.**, a for-profit corporation organized and existing under the laws of the Republic of Panama and authorized to do business in the State of Florida ("Zaragosa").

Recitals

WHEREAS, the parties to this Agreement are also parties or parties-in-interest in certain bankruptcy proceedings and multiple civil actions since as far back as 1987; and,

WHEREAS, the parties have determined that the amicable resolution, in whole or in part, of those bankruptcy proceedings and civil actions is in their best interests; and,

WHEREAS, Lake Grady District was the Debtor in those certain proceedings styled In Re: The Matter of Lake Grady Road and Bridge District, brought under Chapter 9 of the U.S. Bankruptcy Code, in the Bankruptcy Court for the Middle District of Florida, Tampa Division, Case No. 87-1590-8P9 ("Bankruptcy Proceedings"); and,

WHEREAS, ancillary to the Bankruptcy Proceedings, Zaragosa had commenced that certain adversary proceeding against Lake Grady District and others, styled Zaragosa Properties, Inc. v. Richard Ake, Clerk of the Circuit Court, et al., in the Bankruptcy Court for the Middle

District of Florida, Tampa Division, Case No. 90-349 ("Bankruptcy Adversary Proceeding"), and Lake Grady District is a party in a related state court proceeding styled Lake Grady Road and Bridge District v. Zaragosa Properties, Inc., now pending in the Circuit Court for the Thirteenth Judicial Circuit in and for Hillsborough County, Florida, as Case No. 90-17936 ("Lake Grady District v. Zaragosa"); and,

WHEREAS, the County is a defendant in that certain civil action filed by Lake Grady District styled Lake Grady Road and Bridge District v. Hillsborough County, now pending in the Circuit Court for the Thirteenth Judicial Circuit in and for Hillsborough County, Florida, as Case No. 89-4736 ("Lake Grady District v. Hillsborough County"); and,

WHEREAS, the Cudlippo have filed that certain civil action against Zaragosa and others styled Cudlipp, et al. v. Shadow Lakes, Inc., et al. in the Circuit Court for the Thirteenth Judicial Circuit in and for Hillsborough County, Florida, Case No. 89-8590 ("Cudlipp v. Shadow Lakes I"), in which the Cudlippo alleged entitlement to all right, title and interest of Zaragosa in all tax receivables of Lake Grady District and, as a result of the final judgment to be rendered after trial in that action, the Cudlippo may claim an interest in Lake Grady District's assets; and,

WHEREAS, Lake Grady District, the County, Zaragosa and others are defendants in that certain civil action filed by the Cudlippo styled Cudlipp, et al. v. Shadow Lakes, Inc., et al., now pending in the Circuit Court for the Thirteenth Judicial Circuit in and for Hillsborough County, Florida, as Case No. 93-7735 ("Cudlipp v. Shadow Lakes II"); and,

WHEREAS, Lake Grady District had filed that certain civil action styled Lake Grady Road and Bridge District v. Housel and Associates, C.P. Ward, Inc., et al., (now dismissed) in the Circuit Court for the Thirteenth Judicial Circuit in and for Hillsborough County, Florida, as Case No. 88-10656 ("Lake Grady District v. C.P. Ward"); and,

WHEREAS, the Bankruptcy Proceedings, the Bankruptcy Adversary Proceeding and the other civil actions described above are collectively referred to in this Agreement as the "Litigations"; and,

WHEREAS, the parties have amicably arrived at settlement terms whereby efforts to reopen the Bankruptcy Proceedings will not be pursued, and whereby all claims and causes of action which are or could have been involved in several of the other Litigations will be discharged; and,

WHEREAS, given that deficiencies in and failures of predecessor dams at the subdivision known as Shadow Run (hereinafter defined) were, directly or indirectly, pivotal reasons for the Bankruptcy Proceedings and the Litigations in the first place, the parties have elected to structure their settlement terms around the Restoration of the New Dam (as hereinafter defined), all as more particularly provided in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the various provisions set forth herein, the receipt and sufficiency of which are hereby acknowledged, the undersigned parties agree as follows:

Definitions.

The foregoing recitals, and the definitions which follow, constitute substantive provisions of this Agreement. In addition to other terms defined in the recitals and elsewhere in this Agreement, the following capitalized terms shall have the meanings stated:

"Completion of Restoration" means the point at which the Restoration of the New Dam has been completed in accordance with the Restoration Plans and this Agreement, all related costs have been paid, and all required operating permits for the New Dam which are obtainable upon the completion of the Restoration of the New Dam have been obtained.

"Construction Fund" means a non-IOTA, interest-bearing escrow account, established under the Escrow Agreement which is attached hereto as Exhibit "1" hereof, which account will be funded primarily by (a) Lake Grady District's remaining net proceeds from the Housel Settlement and certain tax proceeds, and (b) net proceeds of sales of the County's Escheated Lots as provided for in this Agreement. The proceeds of this account will be the source of funding for the Restoration of the New Dam, and other matters provided for, under this Agreement.

"Escheated Lots" means those fifty (50) lots within Shadow Run, listed on Exhibit "2" attached hereto, to which the County hereby represents that it currently holds recorded tax deeds issued by virtue of escheatment for unpaid taxes.

"Housel Settlement" means Lake Grady District's 1995 settlement with defendant Housel and Associates in Lake Grady District v. C.P. Ward, as a result of which settlement Lake Grady District received certain net proceeds.

"Implementing Escrows" means the Construction Fund and the Maintenance Fund, each to involve the Lake Grady District's legal counsel, Anderson & Orcutt, P.A. (or such substitute as the Lake Grady District and the County may hereafter mutually designate) as Escrow Agent, under the Escrow Agreement attached hereto as Exhibit "1".

"Maintenance and Repair Expenses" means all expenses for the operation, maintenance and repair of the New Dam after the Completion of Restoration, including but not limited to inspections, upkeep and maintenance; ad valorem taxes; utilities; assessments; operating permits and other regulatory compliance expenses; mowing of grass, resurfacing of the roadway or pathway over the New Dam (if such roadway or pathway is built), and other grounds maintenance; liability insurance; and repairs not covered by warranties.

"Maintenance Entity" means a Florida not-for-profit corporation created by the Shadow Run Homeowner's Association, Inc., ("SRHOA"), as selected and approved in accordance with

the provisions of this Agreement, which Maintenance Entity will own and have all operational, maintenance and repair responsibilities (including but not limited to responsibility for Maintenance and Repair Expenses) for the New Dam after its construction.

"Maintenance Fund" means a non-IOTA, interest-bearing account, to be established in accordance with this Agreement as a reserve for the payment of Maintenance and Repair Expenses for the New Dam after its construction. The Escrow Agreement for the Maintenance Fund is attached hereto as Exhibit "1" hereof.

"New Dam" means the new and/or newly reconstructed and duly permitted embankment, with an overall length of approximately 1,200 feet, to be constructed at Shadow Run in an operable and safe condition, and with the capacity to effectively retain water at a level sufficient to establish a recreational lake for the ongoing benefit of the landowners within Shadow Run, in accordance with Restoration Plans (when prepared) and this Agreement. This term also includes a private roadway and/or passageway above the embankment (which will be constructed as part of the New Dam if, and only if, there are sufficient funds available or to become available for its construction, failing which the County shall not unreasonably withhold its consent to construction of the remainder of the New Dam).

"Restoration Budget" means the budget to be adopted by Lake Grady District with the consent of the County (which consent shall not be unreasonably withheld, conditioned or delayed) for the Restoration Expenses, based initially upon preliminary engineering estimates of the costs of the Restoration Plans, and as thereafter amended in accordance with signed contracts therefor, and with change orders, cost overruns and/or other legitimate cost recalculations relating to or affecting the Restoration Expenses.

"Restoration Expenses" means the various costs of formulating and effecting the Restoration Plans, and all expenses incident thereto, whether for services, materials or otherwise,

including but not limited to design functions; permit applications and issuances; bid documents; construction; construction administration and management; inspections; compliance with permit requirements and applicable law; professionals retained by Lake Grady District (i.e., attorneys, accountants and other professionals); and the day-to-day operating expenses of Lake Grady District to maintain its existence, or comply with statutory requirements or this Agreement.

"Restoration of the New Dam" means the design and construction of the New Dam.

"Restoration Plans" means the various design, engineering, planning and construction contracts and plans and specifications, for the Restoration of the New Dam, and the requirements of permits applicable to such Restoration.

"Shadow Run" means the subdivision located in Sections 25, 26, 27, 35 and 36, Township 30 South, Range 20 East, more particularly described in the maps or plats thereof in Plat Book 46, page 24, and Plat Book 47, page 47, of the public records of Hillsborough County, Florida.

"SRHOA" means the Shadow Run Homeowners Association, Inc., a Florida not-for-profit corporation, the shareholders of which are the landowners at Shadow Run.

"Tax Delinquent Lots" means the two (2) lots in Shadow Run designated in Exhibit "3" hereof.

PARAGRAPH 1. Due Execution and Delivery Requirements. A. This Agreement shall not be deemed duly executed and delivered until the following requirements are satisfied:

- (1) Each party shall have fully executed and delivered this Agreement, in accordance with any prior corporate, governmental or other authorizations as are applicable to the respective parties in order to render such execution and delivery legally effective;

(2) Contemporaneously with each party's execution and delivery of this Agreement, such party shall have served upon all other parties reasonable written evidence that the above-described authorizations were duly obtained, and have not been terminated or revoked;

(3) Each party shall have served upon all other parties reasonable written evidence of its acceptance of the execution and delivery of this Agreement, and of the above-described authorizations, as applicable, which acceptance shall be promptly so served and shall not be unreasonably withheld, conditioned or delayed by any party; and,

(4) Upon satisfaction of requirements (1), (2) and (3) above, County shall have served a fully executed counterpart of this Agreement upon the Lake Grady District, Cudlipp and Zaragosa, which service County shall promptly effect.

(5) Upon satisfaction of the foregoing requirements, the parties shall be contractually bound hereby only to the extent of requiring Lake Grady District to seek to obtain approval by SRHOA within (45) forty-five days of full execution by the parties to this Agreement, as required under Subparagraph 2B below, and the other parties shall refrain from any act or omission which unreasonably impedes such SRHOA approval, of the conditions precedent set forth in paragraph 2, below. Barring such approval within the designated time frame, this agreement shall have no force and effect.

PARAGRAPH 2 Condition Precedent Related to SRHOA Approval.

A. Except as expressly provided in subparagraph "A(5)" of paragraph 1, above, the following is a condition precedent to all other provisions of this Agreement:

(1) **SRHOA Approval.**

SRHOA shall have duly approved this Agreement in writing, including without limitation, the express approval to incur all obligations set out in Paragraph 29 and throughout this Agreement pertaining to the Maintenance Entity. The SRHOA approval shall be evidenced by execution of the Approval section at the end of this document by an authorized representative of SRHOA and shall signify its intent to be bound by the terms and conditions of this Agreement related to the obligations of the SRHOA.

PARAGRAPH 3. Condition Precedent Related to Dismissal of Litigations. Except as expressly provided in subparagraph "A(5)" of paragraph 1 above, once the foregoing condition precedent under paragraph "2" shall have occurred, the finalization of all matters specified in the next numbered paragraph of this Agreement (entitled "Resolution of Certain Litigations") shall be conditions precedent to the remaining provisions of this Agreement becoming operative and binding, unless such provision states that it shall operate upon the occurrence of the condition in Paragraph "2".

A. Resolution of Certain Litigations. Upon Lake Grady District's receipt and acceptance of deeds and other instruments of conveyance from the parties and SRHOA, in accordance with paragraph 10, and contemporaneous with Lake Grady District's recordation of such deeds and instruments, the parties (as applicable) hereby covenant and agree to be bound, and/or to promptly and diligently undertake certain actions with respect to the Litigations, as follows:

(1) As to the Bankruptcy Proceedings, Lake Grady District and the other parties to this Agreement hereby agree that no prior applications to obtain tax deeds or other actions by the County related to the Escheated Lots or the Tax Delinquent

Lots violated the automatic stay provisions of Bankruptcy Code §362, or any order of the Bankruptcy Court entered in the Bankruptcy Proceedings, and no further actions by the County related to the Escheated Lots and Tax Delinquent Lots shall be challenged by Lake Grady District and other parties to this Agreement on the basis of the invalidity of the prior actions referenced above.

(2) Lake Grady District and Zaragosa shall enter into a joint stipulation of dismissal with prejudice of the Bankruptcy Adversary Proceeding, and shall fully cooperate to obtain an order from the Bankruptcy Court approving such dismissal. In any event, the parties to the Bankruptcy Adversary Proceeding hereby agree to bear their respective costs, expenses and attorneys' fees therein.

(3) As to the Bankruptcy Proceedings, the parties to this Agreement hereby agree to bear their respective costs, expenses and attorneys' fees.

(4) Lake Grady District and Zaragosa shall enter into a joint stipulation of dismissal with prejudice of Lake Grady District v. Zaragosa, with the respective parties each bearing their own costs, expenses and attorneys' fees.

(5) Lake Grady District and County shall enter into a joint stipulation of dismissal with prejudice of Lake Grady District v. Hillsborough County, with the respective parties each bearing their own costs, expenses and attorneys' fees.

(6) As regards Cudlipp v. Shadow Lakes II, Cudlipp, Lake Grady District and County will voluntarily dismiss each other with prejudice as to all claims in the action, with the respective parties each bearing their own costs, expenses and attorneys' fees.

B. The foregoing notwithstanding, Cudlipp may proceed as it deems advisable against Zaragosa in the Litigations, and no provision of this Agreement shall be

construed as limiting Cudlipp's complete discretion with respect to the prosecution, settlement, or any other matter whatsoever as to proceeding against Zaragosa in the Litigations.

PARAGRAPH 4. Implementing Escrows.

A. In connection with the various undertakings under this Agreement, the Implementing Escrows are to be established upon the occurrence or performance of the condition precedent under paragraph 2 of this Agreement, in accordance with the Escrow Agreement attached hereto as Exhibit "1" hereof. Except as otherwise provided in this Agreement, the termination of such Escrow Agreement shall be subject to the condition that the County be given written notice, at least five (5) business days in advance of the effective date of such termination, in the manner provided for notice under such Escrow Agreement. Monies deposited into the Implementing Escrows by or on behalf of Lake Grady District on the one hand (e.g., Housel Settlement proceeds), and monies so deposited by or on behalf of the County on the other hand (e.g., from the sale of Escheated Lots), shall be separately accounted for within the books and records maintained for each Implementing Escrow; further, interest shall be allocated prorata to Lake Grady District and the County monthly on such books and records, based upon said parties' respective deposits, in accordance with reasonable accounting practices and standards.

B. With respect to the Implementing Escrows and the Escrow Agreement, the parties hereby:

(1) approve the provisions of such Escrow Agreement in all respects, and consent to Lake Grady District and County entering into such Escrow Agreement upon the making of this Agreement;

(2) agree that the provisions of such Escrow Agreement and this Agreement shall be fully dispositive of the rights and responsibilities of the parties to this Agreement related to the Implementing Escrows; and,

(3) agree that the Escrow Agreement's provisions shall be fully dispositive of the responsibilities of the respective Escrow Agents named or subsequently serving as such Escrow Agent thereunder.

C. Further, notwithstanding the services of Anderson & Orcutt, P.A. (the "Firm") as Escrow Agent under the Escrow Agreement, it is expressly understood and agreed as follows:

(1) that said Firm is counsel to Lake Grady District in one or more of the Litigations;

(2) that said Firm has been counsel to Lake Grady District in the negotiation of this Agreement, and instrumental in the preparation of this Agreement.

(3) that the Firm has been requested by Lake Grady District, with the concurrence of all of the undersigned, to serve as Escrow Agent under the Escrow Agreement, and the Firm has agreed to so serve, on the express condition that, notwithstanding the Firm's having been counsel to Lake Grady District as aforesaid and/or having agreed to serve as Escrow Agent under the Escrow Agreement, the same shall not be considered grounds to disqualify the Firm from acting in every respect as counsel to Lake Grady District (should Lake Grady District elect to have the Firm do so) in any dispute or other matter arising out of this Agreement and/or any other agreement arising out of or relating to the subject matter of this Agreement.

D. The following procedure shall govern the selection of successor escrow agents:

(1) In the event the County or Lake Grady District determines that it is in its best interest for a successor escrow agent to be named, the County or the District shall give the Parties written notice of such determination. Within ten (10) business days following such notice, the County and Lake Grady District shall endeavor to agree upon a successor Escrow Agent.

(2) Should the County and Lake Grady District fail to reach agreement on a successor Escrow Agent, they shall, within five (5) business days thereafter, each submit in writing the names of two (2) acceptable escrow agents to one another, and an Escrow Agent shall be selected at random from the proposed names to be the successor Escrow Agent.

(3) Failure of either the County or Lake Grady District to timely submit such a written proposal of potential successor Escrow Agent(s) shall entitle the other party to choose the successor Escrow Agent.

E. The above process for selecting a successor Escrow Agent shall also govern in the event the then-acting Escrow Agent shall give notice of its intent to resign as Escrow Agent under the Escrow Agreement.

PARAGRAPH 5. Construction Fund.

A. Promptly upon the occurrence or performance of all conditions precedent under paragraph 2 of this Agreement, the Construction Fund shall be initially funded by Lake Grady District's deposit of all of its then-remaining proceeds from the Housel Settlement.

B. Lake Grady District expressly represents that, at the time of its execution of this Agreement, its net proceeds from the Housel Settlement and tax proceeds

received prior to execution of this Agreement are the only material monetary assets of Lake Grady District, and that any additional such monetary assets are uncertain at best. Accordingly, anything to the contrary in this Agreement notwithstanding, Lake Grady District shall have the right, at any time during the term of this Agreement, to direct expenditures of Housel Settlement and any other Lake Grady District monies deposited into the Construction Fund, to pay for attorneys' fees and other professional fees, and expenses incident to maintenance of Lake Grady District's existence, its meeting applicable statutory requirements, negotiating this Agreement, and meeting the terms and provisions of this Agreement. All such expenditures shall be lawful, reasonable and reasonably invoiced.

C. Further, Lake Grady District shall have at all times the unconditional and absolute right to direct the Escrow Agent then serving under the Escrow Agreement to return to Lake Grady District and/or disburse any and all Housel Settlement and any other Lake Grady District monies (and interest thereon) deposited into any Implementing Escrow, whenever any material dispute arises under this Agreement or any other agreement reasonably necessary to the purposes and subject matter of this Agreement; in such events, the further application by Lake Grady District of such returned and/or disbursed sums shall be limited to expenditures for resolution of the dispute or any purpose expressly provided for in this Agreement. Upon resolution of the dispute, any remaining Implementing Escrow funds shall be returned to the Implementing Escrows.

D. In the event Lake Grady District exercises the right to receive the return and/or to direct disbursements of Housel Settlement and other Lake Grady District monies (and interest thereon) in the event of a material dispute as provided in the immediately preceding subparagraph, the County shall have a corresponding right to

receive and/or direct disbursements of remaining proceeds (and interest thereon) from Escheated Lot sales and any other County monies deposited into the Construction Fund; if the County does so, the further application by the County of such returned and/or disbursed sums shall be limited to expenditures for resolution of the dispute or any purpose expressly provided for in this Agreement and, during the pendency of the dispute, the County shall have no obligation to contribute funds from the sale of any remaining Escheated Lots; nor shall the County have any obligation to replace funds so spent from any other source. Upon resolution of the dispute, any remaining Implementing Escrow funds (including all Escheated Lot sale net proceeds received by County during the period of the dispute) shall be returned to the Implementing Escrows.

E. County shall have at all times the unconditional and absolute right to direct the applicable Escrow Agents then serving with respect to the Implementing Escrows to return to County and/or disburse any proceeds from sale of Escheated Lots and any other County monies (and interest thereon) deposited into any Implementing Escrow, whenever any material dispute arises under this Agreement or any other agreement reasonably necessary to the purposes and subject matter of this Agreement; in such events, the further application by County of such returned and/or disbursed sums shall be limited to expenditures for resolution of the dispute or any purpose expressly provided for in this Agreement. Upon resolution of the dispute, any remaining Implementing Escrow funds shall be returned (including all Escheated Lot sale net proceeds received by County during the period of the dispute) to the Implementing Escrows.

F. In the event County exercises the right to receive the return and/or to direct disbursements of County monies (and interest thereon) in the event of a material dispute as provided in the immediately preceding subparagraph, Lake Grady District shall

have a corresponding right to receive and/or direct disbursements of all House Settlement and any other Lake Grady District monies (and interest thereon) deposited into the Construction Fund; if Lake Grady District does so, the further application by Lake Grady District of such returned and/or disbursed sums shall be limited to expenditures related to such dispute and to such other purposes as are expressly authorized by this Agreement. Upon resolution of the dispute, any remaining Implementing Escrow funds shall be returned to the Implementing Escrows.

G. The respective rights of Lake Grady District and the County to receive or direct disbursements in the event of material disputes, as set forth in the immediately preceding subparagraphs above, shall not be subject to injunctive or similar equitable relief which would preclude the exercise of such rights as provided for above. The parties to this Agreement hereby unconditionally and expressly waive the right to seek or receive such injunctive or similar equitable relief in a manner inconsistent with the immediately preceding sentence, under any and all circumstances whatsoever.

H. Pending the first to occur of the Completion of Restoration, or the Escrow Agreement being terminated, or the County being given control of the Construction Fund, all in accordance with this Agreement, Lake Grady District shall serve monthly notices upon the County, Cudlipp and Zaragosa of Construction Fund collections and disbursements. Upon the Completion of Restoration, any remaining balance in the Construction Fund shall be applied in accordance with paragraph 14C; the Construction Fund's Escrow Agreement shall thereupon terminate and be of no further force and effect.

PARAGRAPH 6. Maintenance Fund.

A. The Maintenance Fund must be initially funded in the amount of \$50,000.00 before construction for Restoration of the New Dam is commenced. Such

initial funding shall be effected, at the reasonable discretion of Lake Grady District, once there are sufficient additional sums in the Construction Fund to cover the Restoration Budget and Restoration of the New Dam is ready to commence.

B. Upon the Completion of Restoration, the Maintenance Fund shall be increased to \$100,000.00 from sums remaining in the Construction Fund, whereupon the Maintenance Fund shall be paid over to the Maintenance Entity at the same time that the Construction Fund's remaining balance is finally distributed, in accordance with this Agreement. Upon being paid over to the Maintenance Entity as aforesaid, the Maintenance Fund provisions hereunder and under the Escrow Agreement shall terminate and be of no further force and effect.

PARAGRAPH 7. Restoration of the New Dam.

A. Within a reasonable time after the occurrence or performance of all conditions precedent under paragraph 2, Lake Grady District (with such uncompensated assistance of Cudlipp as Lake Grady District may reasonably request from time to time) shall have obtained preliminary engineering estimates, and developed preliminary design criteria, for the Restoration Plans and prepared the Restoration Budget. Further progress on those matters, on the County's and Lake Grady District's adoption of the Restoration Budget (said parties' respective approvals thereof to not be unreasonably withheld, conditioned or delayed), and on Lake Grady District's solicitation of construction contracts, permits and other matters applicable to Restoration of the New Dam, shall be pursued with reasonable diligence corresponding with the progress of the Quiet Title Proceedings and the availability of funding to cover the Restoration Expenses.

B. Lake Grady District shall have complete authority respecting the Restoration Plans and contracts therefor, but hereby agrees to make reasonable efforts to contract with reasonably competent third parties for the various aspects of the Restoration of the New Dam. Cudlipp and the County may, at their respective option and expense, participate in Lake Grady District's efforts regarding such contracts, but may do so in an advisory capacity only, and such participation shall not in any event unreasonably impede Lake Grady District's efforts.

C. Cudlipp and Zaragosa hereby agree not to compete or bid for any services or contracts whatsoever related to the Restoration of the New Dam, and further agree not to allow any persons or entities affiliated with or related to them, respectively, to do so.

D. In connection with the Restoration of the New Dam, the County agrees to provide such affirmative guidance, cooperation and assistance as Lake Grady District may reasonably request, from time to time, in order to resolve permitting issues related to the subject matter of this Agreement, with the various governmental agencies having jurisdiction of any aspect(s) of such issues. The County's assistance shall consist of introduction to the various agencies, and guidance as to which agencies may need to be contacted. Such assistance shall not imply that the County has any permitting obligations. Such assistance shall not be inconsistent with any legal obligations of the County acting in its governmental capacity. Such cooperation shall not be construed as creating an obligation to review, nor in any way imply a representation that the County has conducted any reviews of, structural or other aspects of the New Dam; nor that the County recommends approval or rejection of the permit application; nor that the County assumes

liability for any repairs of the New Dam. Neither the above provisions nor any other provision of this Agreement shall be construed to require that the County:

- (1) assume any responsibility for applying for, obtaining, or complying with applicable permits;
- (2) advocate that Lake Grady District's applications should be granted;
- (3) act contrary to its general responsibilities in its governmental capacity;
- (4) expend any funds for Restoration of the New Dam, Restoration Expenses, or Maintenance and Repair Expenses (except for supplying proceeds of sales of Escheated Lots pursuant to this Agreement);
- (5) accept any role beyond its general responsibilities in its governmental capacity;
- (6) assume any financial responsibility for the New Dam beyond the monies to be supplied under the provisions of this Agreement.

E. Nevertheless, the County hereby agrees to give all reasonable priority to, and to expeditiously review and rule upon, all matters related to the Restoration of the New Dam which may require action by the County, or which may be within the County's jurisdiction.

PARAGRAPH 8. Tax Proceeds. In the event and to the extent that the County collects any interest payment, as a holder of tax certificates for the two (2) Tax Delinquent Lots, described in Exhibit 3, above and beyond any sums collected by the Clerk of Circuit Court for the opening bid amount on such lots, the County shall remit one-half (1/2) of the interest payment so collected by

County to Lake Grady District. Lake Grady District shall deposit such funds and any other funds it receives for payment of taxes on the Tax Delinquent Lots into the Implementing Escrows.

PARAGRAPH 9. Quiet Title Proceedings.

A. The parties hereby stipulate that, in order to establish marketable title to the Escheated Lots in the County, it is necessary or desirable to prosecute a civil action to quiet title (the "Quiet Title Proceedings") in the Circuit Court for the Thirteenth Judicial Circuit, Hillsborough County, Florida; to promptly commence such Quiet Title Proceedings upon the occurrence or performance of all conditions precedent under paragraph 2 of this Agreement; and, to diligently prosecute such Quiet Title Proceedings to completion. The necessary costs of the Quiet Title Proceedings shall be paid from the Construction Fund to the County, in escrow, to be disbursed in accordance with the contract with the law firm selected for the Quiet Title Proceedings in accordance with subparagraph "B" below.

B. Upon the occurrence or performance of all conditions precedent under paragraph 2 of this Agreement, the applicable parties, each bearing their own costs, expenses and attorneys' fees, agree to promptly undertake the following:

(1) The County will select a law firm, with suitable qualifications and experience, to prosecute the Quiet Title Proceedings.

(2) The final selection of such law firm shall be subject to the written concurrence of Lake Grady District.

(3) Any steps necessary to the selection of such law firm, shall not be unreasonably withheld, conditioned or delayed by Lake Grady District.

PARAGRAPH 10. Title to Site of New Dam.

A. Unless waived in writing by Lake Grady District, within forty-five (45) days after SRHOA approval of this Agreement, Lake Grady District shall conduct a title search to determine the holder(s) of record title to the site of the New Dam at its own the reasonable expense (the "Title Search").

B. Unless waived in writing by Lake Grady District, should the Title Search indicate that title to such site is subject to clouds or encumbrances that are not reasonably likely to be cleared by obtaining any deeds or releases from the parties to this Agreement and the SRHOA, then Lake Grady District shall, within three (3) months after SRHOA approval, give notice of such matters to the other parties to this Agreement and elect to (a) terminate the further operation of this Agreement as a result thereof, or (b) allow the Agreement to continue to take effect. Within one month after Lake Grady District's election to continue with such Agreement, the parties shall be obligated to do the following:

(1) The County shall, at its sole expense, take formal action necessary to vacate the roadway on the site of the New Dam in accordance with applicable law.

(2) The County shall execute and deliver a quit claim deed for the site of the New Dam to Lake Grady District. The other Parties and SRHOA shall each execute and deliver quit claim deeds and/or other instruments, in recordable form, which shall convey their respective interests in the site of the New Dam to Lake Grady District. Lake Grady District shall record the referenced deed in accordance with subparagraph "(4)" below.

(3) The parties, other than County, shall, if requested by Lake Grady District, use all reasonable diligence to assist in obtaining, and/or shall execute, such deeds and/or other instruments as may be requested by Lake Grady District to vest title (as between the parties to this Agreement) to the site of the New Dam in Lake Grady District.

(4) Lake Grady District shall record all referenced deeds and instruments of conveyance within one (1) month of receipt of all of same, and contemporaneous with Lake Grady's dismissal of litigation in accordance with paragraph 3.

C. Lake Grady District reserves the right, in its complete discretion, to prosecute a quiet title action to perfect its title to the site of the New Dam, and to fund all expenses of such action from Housel Settlement proceeds, notwithstanding any provisions of this Agreement to the contrary. The outcome of such proceedings shall not affect any obligations under this Agreement, nor form the basis for Lake Grady District to rescind this Agreement.

D. The costs of preparation of such deeds and/or other instruments referred to in this numbered paragraph, the recordation thereof, and Florida documentary stamp taxes due thereon ("Deed Advances") shall be paid from the Construction Fund.

PARAGRAPH 11. Marketing and Sale of Escheated Lots.

A. Promptly upon the occurrence or performance of the conditions precedent under paragraph 2 of this Agreement, in order that the Escheated Lots may be promptly offered for sale and sold, the County and Lake Grady District will jointly establish a minimum price schedule for sales of the Escheated Lots. In this regard, the

County shall provide to Lake Grady District a list of appraisers qualified to perform appraisals for the County from which Lake Grady District shall select an appraiser. The County shall retain an appraiser at its expense, and request the appraiser to arrive at a minimum value for the Escheated Lots based on criteria to be established by the County and the District. The Parties acknowledge that the appraiser will not be requested to conduct a formal appraisal of the Escheated Lots, as such process would be too costly. The appraiser will be directed to consult the Environmental Protection Commission (EPC) to obtain information on an informal basis about EPC's jurisdictional delineation for the Escheated Lots. The Parties agree to accept the minimum values which the appraiser establishes for the Escheated Lots for the purpose of determining the payments to be made to County under Paragraph 12 of this Agreement. The minimum values may be adjusted by mutual agreement among the County and the District. The County will issue a request for proposal in accordance with applicable law ("Request for Proposal") seeking the services of a marketing and sales entity with suitable professional qualifications to market and sell the Escheated Lots. Lake Grady District shall have the right of prior approval of the form and substance of such Request for Proposal, which approval shall not be unreasonably withheld, conditioned or delayed. The County shall select the marketing and sales entity upon consultation with Lake Grady District. Such Request for Proposal shall appropriately include the proviso that the County does not provide any warranty as to the Escheated Lots and that they are to be sold "As Is". The Request for Proposal shall also represent that no Escheated Lot may be purchased below the aforesaid minimum price schedule without the concurrence of the Board of County Commissioners and Lake Grady District.

B. The County and Lake Grady District shall each designate at least one but no more than three representatives who shall be authorized severally (not jointly) on their respective behalf to execute, and approve the terms and provisions of, individual contracts for the sale of Escheated Lots substantially conforming to form contracts approved for these purposes by the Board of County Commissioners, with the reasonable concurrence of Lake Grady District.

C. The marketing and sales entity selected hereunder will be retained under a written contract with the County providing, among other reasonable matters acceptable to the County and Lake Grady District (which acceptance shall not be unreasonably withheld, conditioned or delayed), that such entity will be paid pro rata commissions from the proceeds of sales of the Escheated Lots.

PARAGRAPH 12. Proceeds of Sale of Escheated Lots.

A. The proceeds from each Escheated Lot sale shall be promptly distributed upon each closing thereof in the following order, until such proceeds, in each instance of sale, are depleted:

(1) payment of the County's closing costs as seller (including, but not necessarily limited to, the commissions due the marketing/sales entity, fee title insurance and similar customary seller costs), under the contract, the County's closing costs for each sale to be determined by County's and Lake Grady District's representatives.

(2) payment to the County of \$5,000.00 for each Escheated Lot closed, the sales price for which equals the minimum price for that Lot on the minimum price schedule or represents no less or no more than a \$500 deviation from the minimum price. If a Lot is sold for a price below or above the price for that Lot on the minimum

price schedule, the County shall be paid a pro rata share of the \$5,000.00 based upon the percentage below or above the minimum price for which the Lot was sold. For instance, if the minimum price scheduled for a Lot is \$20,000.00 and the Lot is sold for \$10,000.00 the County would be paid \$2,500.00. If the Lot is sold for \$30,000.00, the County would be paid \$7,500.00. In no event shall the County receive more than the maximum amount of \$250,000.00, in the aggregate and however paid, from all Escheated Lot sales (subject only to payment of a greater amount as provided for in paragraph 14 of this Agreement);

(3) reimbursement to the Construction Fund for costs and attorneys' fees previously expended for the Quiet Title Proceedings for the Escheated Lot(s). In this regard, the costs and attorneys' fees previously expended for the Quiet Title Proceeding shall be reimbursed to the Construction Fund from the first fifteen (15) Escheated Lot closings, on a prorata basis, i.e., one-fifteenth of the total Quiet Title costs and fees from each Escheated Lot closing.

(4) Payment into the Construction Fund of the amount necessary to cover any deficit between the balance in the Construction Fund, and the then-unpaid Restoration Expenses under the Restoration Budget; and, then,

(5) payment to fund the Maintenance Fund to a balance of \$100,000.00;

(6) to the County until the County has received the aggregate sum of \$250,000.00, inclusive of all payments to the County from the sale of the Escheated Lots (subject only to payment of a greater amount as provided for in paragraph 14).

B. Furthermore, after all payments under the above-enumerated subparagraphs "(1)" (as to all Escheated Lot sales previously closed) and "(2)" through

"(6)" (for all Escheated Lot sales previously and, in each instance, thereafter closed) have been made and, in addition, providing that all of the following conditions have been met:

(1) the Completion of Restoration;

(2) conveyance of title to the New Dam and the site thereof to the Maintenance Entity, and the payment of any costs incident thereto in accordance with the provisions of this Agreement;

(3) the assignment to the Maintenance Entity of all then-existing and required permits for, and all then-existing construction warranties and contract rights related to, the Restoration Plans; and,

(4) after the preceding conditions "(1)", "(2)" and "(3)" have occurred, the Maintenance Fund has been increased to \$100,000.00, then, the proceeds of Escheated Lots sales shall thereafter be disbursed in accordance with joint written instructions from both Cudlipp and Zaragosa, addressed to the County and to Lake Grady District and to the Construction Fund's Escrow Agent if the Construction Fund Escrow Agreement is still in effect; otherwise, to the closing agent for the Escheated Lots designated by the County), provided, however that whenever this Agreement calls for written instructions from Cudlipp and/or joint written instructions from Cudlipp and Zaragosa, if in any instance such instructions are not actually received by any designated recipient after sixty (60) days, then any party to this Agreement may interplead the remaining funds or seek declaratory or other relief by instituting a civil action, whereupon Cudlipp and Zaragosa shall have no further claims against the other parties to this Agreement, or against the Escrow Agent, with respect to such funds. Upon failure of either Cudlipp or Zaragosa to successfully claim such funds in the court proceeding, they shall be disbursed equally to the County and the Maintenance Entity.

PARAGRAPH 13. Audit Rights. Any party may conduct, at its own expense, one or more audits of the Construction Fund and/or the Maintenance Fund, upon fifteen (15) days advance written notice. In each instance, such audit shall be performed at reasonable times at the location of such Fund's books and records, and with due diligence toward completion of such audit no later than the last business day of the third calendar month after the date of such advance written notice. Failing such completion, the auditing party shall give a new written notice hereunder.

PARAGRAPH 14. Commencement and Completion of Restoration of the New Dam.

A. **Deadline for Commencement.** Notwithstanding any provision of this Agreement to the contrary:

(1) Construction of the Restoration of the New Dam must in any event be materially commenced by May 1, 2006; and,

(2) Once commenced, Construction of the Restoration of the New Dam shall proceed continuously and with reasonable progress toward completion, provided, however, that Lake Grady District shall not be responsible for any delays after commencement beyond its reasonable control.

B. **Timing of Restoration of the New Dam.** Subject to the preceding subparagraph "A", Lake Grady District shall proceed by reasonable efforts to arrange the commencement of construction of the Restoration of the New Dam, and to see that the construction of Restoration of the New Dam proceeds reasonably continuously and with reasonable progress toward completion, upon the occurrence of all of the following factors for a sufficient time to afford ample opportunity to effect such commencement and completion:

(1) the County and Lake Grady District have adopted the Restoration Budget, the Restoration Plans have been finalized, and the said Budget and Plans remain in effect without the likelihood or pendency of material changes;

(2) Lake Grady District has entered into the necessary contracts for the construction of the Restoration of the New Dam; and the third party contractors are ready, willing and able to perform, and are not in default of, those contracts; and there is no likelihood of any material legal or practical delays;

(3) the ready availability of all necessary materials, and labor, services and contractors with suitable qualifications, for commencement and completion of construction of Restoration of the New Dam pursuant to the contracts therefor;

(4) Lake Grady District has obtained and recorded Quit Claim Deeds from all parties to this Agreement and from SRHOA for the site of the New Dam.

(5) the Quiet Title Proceedings have been finalized, successfully establishing marketable title to the Escheated Lots in the County, and the time for appeal applicable to the Quiet Title Proceedings has expired;

(6) the ready and continuing availability to Lake Grady District of sufficient sums in the Construction Fund to effect Completion of Construction of Restoration, without the likelihood of any material legal or practical delays;

(7) the absence of impediments beyond Lake Grady District's reasonable control to the application of such sums as are required to pay all Restoration Expenses;

(8) the ready availability to Lake Grady District of all required permits from all pertinent regulatory agencies for, and the absence of any legal or other

governmental actions materially prohibiting, delaying, or otherwise impeding, construction of Restoration of the New Dam.

(9) the prior occurrence or performance of all conditions precedent provided for under and in full accordance with this Agreement, and of the funding of the Maintenance Fund as required by this Agreement;

(10) the absence of any material breach or anticipatory repudiation, or any revocation of any material prior action, by any party (other than Lake Grady District without reasonable cause) under this Agreement or any other agreement made in connection with the subject matter of this Agreement, as a result of which requiring Lake Grady District to commence or continue the construction of the New Dam would be unreasonable;

(11) the absence of any material failure by any party (other than Lake Grady District as to matters within its reasonable control) to maintain the ability to perform its obligations under this Agreement, or under any other agreement made in connection with the subject matter of this Agreement, as a result of which requiring Lake Grady District to commence or continue the construction of the New Dam would be unreasonable; and,

(12) the absence of any other material circumstance, as a result of which requiring that Lake Grady District commence or continue the construction of the New Dam would be unreasonable.

C. Disposition of Remaining Funds Upon Completion of Restoration. Upon the Completion of construction of the Restoration, Lake Grady District shall serve notice thereof upon the other parties to this Agreement and the following shall occur in the sequence indicated:

(1) Lake Grady District shall convey title to the New Dam and the site thereof to the corporation created by the SRHOA as the Maintenance Entity by Quit Claim Deed, and the corporation created by the SRHOA shall record the same within thirty (30) days after receiving delivery of such Deed.

(2) Lake Grady District shall assign to the Maintenance Entity all of the then-existing and required permits for, and all then-existing construction warranties and contract rights related to, the Restoration Plans.

(3) Lake Grady District shall instruct the Escrow Agent to disburse sufficient funds from the Construction Fund to increase the Maintenance Fund to \$100,000.00 if the balance in such fund is less than \$100,000.00.

(4) Lake Grady District shall instruct the Escrow Agent to disburse sufficient funds from the Construction Fund to pay the County the difference between \$250,000 and any lesser total sums that the county previously received from the sale of Escheated Lots.

(5) Lake Grady District shall notify the Escrow Agent to disburse the remaining proceeds of the Construction Fund in accordance with joint written instructions from both Cudlipp and Zaragosa served upon the Escrow Agent, Lake Grady District and the County, and provided, however that whenever this Agreement calls for written instructions from Cudlipp and/or joint written instructions from Cudlipp and Zaragosa, and in any instance such instructions are not actually received by any designated recipient within sixty (60) days after written demand therefor, such funds shall, at the option of the initiating party, be interplead or made the subject of a declaratory judgment or other civil action, whereupon Cudlipp and Zaragosa shall have no further claims against the other party to this Agreement or against the Escrow Agent with respect to such funds.

Upon failure of either Cudlipp or Zaragosa to successfully claim such funds in the court proceeding, they shall be disbursed equally to the County and the Maintenance Entity.

D. Failure to Commence or Complete the New Dam.

(1) Arbitrary Failure to Proceed.

(a) If Restoration of the New Dam does not commence and/or proceed toward, and effect Completion of Restoration in accordance with the preceding subparagraphs "A" and "B", or if Restoration of the New Dam does not commence by the deadline provided by subparagraph "A" due to a material breach by Lake Grady District of the provisions of said subparagraph "B", then it shall be deemed for purposes of this Agreement that Lake Grady District has arbitrarily failed to construct the New Dam.

(b) In such event, upon the demand of the County, all rights of Lake Grady District in all Implementing Escrow balances shall cease, and County shall have the right to direct the Escrow Agents for the Implementing Escrows to disburse the respective balances of the Implementing Escrows first, to pay to third parties all accrued obligations, attorneys' fees and other professional fees, and expenses incident to maintenance of Lake Grady District's existence, its meeting applicable statutory requirements, and meeting the terms and provisions of this Agreement; (all such expenditures to be lawful, reasonable and reasonably invoiced); and, thereafter, to disburse all remaining funds to the County. Then, insofar as there are sufficient funds made available to the County from the Implementing Escrow to do so, the County agrees as follows:

(i) at the County's complete discretion (so long as exercised and effectuated within a reasonable time), to either effect the Completion of

Restoration, or the total demolition of the uncompleted dam structure then situate upon the site of the New Dam and/or of the remnants of any predecessor dam, as applicable. If the County elects demolition, the County shall arrange within a reasonable time, and to the extent there are sufficient funds remaining, for the construction upon such sites of a pedestrian and bicycle pathway upon a safe and stable structural base.

(ii) after the aforesaid disbursements, to retain thirty (30%) percent of the remaining balance of such funds as were received by the County from the Implementing Escrows (less all sums previously paid to the County from the sales of Escheated Lots pursuant to this Agreement), said retained amounts to constitute part of the County's general revenues, and the further application of which shall be in the County's complete discretion;

(iii) thereafter, the County shall disburse to Cudlipp and Zaragosa all of the then-remaining balance of such funds as were received by the County from the Implementing Escrows.

(2) **All Other Cases of Failure to Proceed.**

(a) Except as provided in the preceding subparagraph (1), in the event that Restoration of the New Dam is either not commenced or completed, it shall be deemed for purposes of this Agreement that Lake Grady District has failed for reasonable cause to construct the New Dam. In such event, Lake Grady District shall give written notice thereof, and of the intention of Lake Grady District to proceed in accordance with this subparagraph (2), to the other parties to this Agreement. Further in such event, Lake Grady District hereby agrees to promptly direct the Escrow Agents for the Implementing Escrows to disburse the respective balances of the Implementing Escrows to pay first, to third parties all accrued obligations, attorneys' fees and other professional

fees, and expenses incident to maintenance of Lake Grady District's existence, its meeting applicable statutory requirements, and meeting the terms and provisions of this Agreement (all such expenditures to be lawful, reasonable and reasonably invoiced)

(b) Thereafter, Lake Grady District shall direct the Escrow Agents to disburse such balances as may then be remaining as follows:

(i) to effect total demolition of the uncompleted New Dam, and/or the remnants of any predecessor dam, as applicable;

(ii) to direct the Escrow Agents for the Implementing Escrows to make appropriate disbursements for the costs incident to such demolition;

(iii) to direct Escrow Agent to disburse sufficient funds from the Implementing Escrows to pay the County the difference between \$250,000.00 and any lesser total sums that the County previously received from the sale of Escheated Lots;

(c) Thereafter, Lake Grady District shall direct the Escrow Agents to disburse any remaining balances in the Implementing Escrows for one or more of the following purposes, in the complete discretion of Lake Grady District:

(i) to SRHOA, conditioned upon the further application of any such payment to general recreational, security or aesthetic amenities for Shadow Run; and/or,

(ii) to all then-current Shadow Run landowners, pro rata; and/or,

(iii) for the purpose of constructing a private pedestrian and/or bicycle path upon a safe and stable structure at the site of the New Dam.

(d) Further, should Lake Grady District proceed in accordance with this subparagraph (2), County shall have no further obligation to contribute proceeds from yet unsold Escheated Lots, and the net proceeds from sales of such Lots which close subsequent to Lake Grady District's written notice, as aforesaid, shall be paid in full to the County, notwithstanding any other provision of this Agreement.

PARAGRAPH 15. Zaragosa's Corporate Status.

A. As of its execution of this Agreement, and thereafter through the consummation of the various actions and transactions which are the subject of this Agreement, Zaragosa hereby specifically covenants and warrants, cumulative to the other provisions of this Agreement, as follows:

(1) Zaragosa shall, at its sole expense, maintain active and current status both as a for-profit corporation under the laws of Panama, and as a foreign corporation registered to do business in Florida, and shall promptly provide dispositive evidence thereof to any party requesting same from time to time, and to all parties to this Agreement on each anniversary date of the execution of this Settlement Agreement.

(2) Except insofar as the provisions of this Agreement may expressly require action by Zaragosa specifically, or (as in the case of conveyances, assignments and similar matters) direct action by Zaragosa is reasonably deemed by any party to be necessary to the meaningful effectuation of any provision of this Agreement, all approvals, instructions and other actions by Cudlipp, shall irrevocably be deemed to constitute the joint action of Cudlipp and Zaragosa.

PARAGRAPH 16. Cudlipp Corporation's Status.

A. As of its execution of this Agreement, and thereafter through the consummation of the various actions and transactions which are the subject of this Agreement, Cudlipp Corporation hereby specifically covenants and warrants, cumulative to the other provisions of this Agreement, as follows:

(1) Cudlipp Corporation shall, at its sole expense, maintain active and current status as a Florida for-profit corporation and shall promptly provide dispositive evidence thereof to all parties to this Agreement on each anniversary date of the execution of this Settlement Agreement.

PARAGRAPH 17. Time of the Essence. With respect to time periods stated herein, time is expressly declared to be of the essence of this Agreement. If the last day of any time period stated herein shall fall on a Saturday, Sunday or legal holiday in Florida, then the duration of such time period shall be extended so that it shall end on the next succeeding day which is not such a day. The term "business days" shall mean any day of the week other than Saturday, Sunday or a legal holiday in Florida.

PARAGRAPH 18. Notices.

A. All notices, demands, requests, and other communications required or permitted under this Agreement shall be in writing, shall reference this Agreement by title and date, and shall be sent by (a) registered or certified mail, whereupon notice shall be deemed to have been given on the third day after deposit for mailing; or (b) delivery by courier or other hand delivery, overnight delivery, or facsimile transmission with confirmed transmission delivery), whereupon notice shall be deemed to have been given on the day of delivery. If the day of notice is a Saturday, Sunday, or legal holiday, notice

shall be deemed to have been given on the first calendar day thereafter which is not a Saturday, Sunday, or legal holiday.

B. Such notices, demands, requests, and other communications shall be served on all parties to this Agreement, and shall be addressed to the parties at their respective addresses set forth below (or at such party's most recent address specified by notice in accordance with this paragraph):

If to Lake Grady District:

- Gregory J. Orcutt, Esquire
Anderson and Orcutt, P.A.
The SunTrust Financial Centre, Ste. 2400
401 E. Jackson St.
Tampa, Florida 33602

If to County:

- County Administrator
601 East Kennedy Blvd.
26th Floor
Tampa, Florida 33602

and

- County Attorney
601 East Kennedy Blvd.
27th Floor
Tampa, Florida 33602

If to Cudlipp:

- Jeremy E. Gluckman, Esquire
Gluckman, Newman & Levine, P.A.
707 North Franklin Street, 4th Floor
Tampa, Florida 33602

If to Zaragosa:

- Larry Foyle, Esquire
Kaas Hodges, P.A.
Post Office Box 800
Tampa, Florida 33601

PARAGRAPH 19. Governing Law; Venue. The laws of the State of Florida shall govern the validity, enforcement and interpretation of, and all matters relating to, this Agreement, without regard to Florida principles of conflicts or choice of laws. Venue and convenient forum for any legal action arising out of this Agreement shall unconditionally lie in Hillsborough County, Florida.

PARAGRAPH 20. Release of All Prior Claims.

A. Except as otherwise expressly provided in this Agreement, the parties, for themselves and for anyone claiming by, through or under them respectively, do each hereby mutually, fully and forever disclaim, waive, surrender, remise, release, acquit, satisfy and discharge each other, jointly and severally, from any past, present or future rights, claims, powers, prerogatives, privileges and interests (beneficial or otherwise) which they may jointly or severally have, alone or with others (including but not limited to others not party to this Agreement), respecting or in any manner related to any existing or other predecessor dam of the New Dam, or any matters related to any existing or other predecessor dam of the New Dam, as well as from all claims and causes of action which have or, in the most liberal sense known to the law could have been, asserted in the Litigations.

B. It is understood and agreed that no release made above shall be construed as an admission of liability by any party, and each party denies liability, for any claims asserted prior to this Agreement by any other party and hereinabove released.

PARAGRAPH 21. No Intent to Encumber Escheated Lots. This Agreement shall not be construed to be a encumbrance on any of the Escheated Lots and shall not be recorded in the Public Records in any name which would cause such encumbrance.

PARAGRAPH 22. Warranty of Authorization. Each signatory hereof for the respective parties represents, warrants and confirms that he/she) has the authority to execute, deliver and enter into this Release for such party.

PARAGRAPH 23. Headings; Construction. The headings used in this Agreement have been inserted for the convenience of reference only, do not constitute matters to be substantively construed in interpreting this Agreement, and do not limit the substantive effect of the provisions of this Agreement which follow such headings.

PARAGRAPH 24. Invalid Provisions. If any one or more of the provisions of this Agreement, or the applicability of any such provision to a specific situation, shall be held invalid or unenforceable by mutual agreement of the parties or a court of competent jurisdiction, such provision shall be modified to the minimum extent necessary to make its application valid or enforceable and, unless the same would result in a manifest injustice to a party, the validity and enforceability of all other provisions of this Agreement shall not be affected thereby.

PARAGRAPH 25. Assignment and Delegation.

A. Each party warrants and represents that, except as otherwise provided herein, neither such party's entering into this Agreement, nor such party's performance of its obligations and covenants under this Agreement, is subject to the prior consent of any third party. Further, no party shall assign its interests, or delegate its obligations and covenants under this Agreement, in whole or in part, without the prior written consent of the other parties.

B. County's Board of County Commissioners authorizes the County Administrator and County Attorney, and Lake Grady District authorizes its Chairman and Legal Counsel to serve as their proper representatives for the purpose of administration of the terms of this Agreement, but reserve to themselves the authority to execute any proposed amendment of this Agreement.

PARAGRAPH 26. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties, and their respective heirs, personal representatives, successors and assigns.

PARAGRAPH 27. Entire Agreement. This Agreement contains the entire agreement between the parties relative to the subject matter hereof, and there are no other terms, conditions, promises, undertakings, statements or representations, express or implied, concerning the subject matter of this Agreement. Without affecting the generality of the foregoing sentence, this Agreement supersedes in their entirety all previous discussions, negotiations and agreements of the parties concerning the subject matter of this Agreement.

PARAGRAPH 28. Execution Requirements. Until such time as this Agreement is executed in final form by all parties (with the express concurrence of all parties to every change from the typed text hereof as evidenced by signature or initialling at the location of the change), this Agreement shall have no force and effect whatsoever. This Agreement shall be void in the event that it is not so executed and delivered by all parties on or before June 30, 1997. These provisions are cumulative to the provisions of paragraph 1 of this Agreement. This Agreement may be executed in Counterparts.

PARAGRAPH 29. TERMS AND CONDITIONS RELATED TO OBLIGATIONS OF THE SRHOA:

Maintenance Entity Selection and Operating Terms. SRHOA's approval of this Agreement, as evidenced by its execution of the Approval section at the end of this Agreement, shall also signify its express approval of the following terms under which the Maintenance Entity shall operate and otherwise be responsible for the New Dam upon the Completion of Restoration:

(1) that, before Completion of Restoration, SRHOA will duly form (subject to the provisions of subparagraphs "(2)" and "(3)", below) a Florida not-for-profit corporation, the shareholders of which are the landowners at Shadow Run, to serve as the Maintenance Entity. No landowner at Shadow Run may be an officer or director of SRHOA and the Maintenance Entity at the same time.

(2) that SRHOA, for itself and for the Maintenance Entity unconditionally approves the following terms and conditions:

(a) that, upon the Completion of Restoration, Lake Grady District will assign to the Maintenance Entity all of Lake Grady District's right, title and interest in such construction warranties and construction contract rights as may be applicable to the New Dam, and will execute and deliver to the Maintenance Entity a deed to the New Dam and the site thereof;

(b) that, upon delivery of the assignments and deed by Lake Grady District as aforesaid, the Maintenance Entity will accept delivery thereof, duly record the deed, within forty-five (45) days of receipt thereof and accept ownership of the New Dam; assume and have all operational, repair and maintenance responsibilities for the New Dam for so long as the same shall be operated; and indemnify and hold harmless the

parties to this Agreement from and against all operational, repair and maintenance responsibilities for the New Dam, and from and against all claims, liabilities, expenses and other matters relating to the New Dam (including, without limitation, its design and construction) and its predecessor dam(s).

(3) That Lake Grady District and the County shall have the right to approve SRHOA's formation of the Maintenance Entity as aforesaid. Neither Lake Grady District nor the County shall unreasonably withhold, condition or delay such approval if the following are established to their respective reasonable satisfaction:

(a) That the Maintenance Entity has the legal capacity to own and maintain the New Dam, separate and apart from the County;

(b) That the Maintenance Entity and the obligations of such Maintenance Entity as are provided under this Agreement are acceptable to pertinent regulatory and permitting agencies.

(4) That SRHOA expressly covenants that the Maintenance Entity's legal existence will be maintained throughout such period as the New Dam is to be in existence and operated; and, SRHOA expressly covenants that SRHOA will maintain its own legal existence throughout such period as the New Dam is to be in existence and operated and, if the Maintenance Entity at any time fails to maintain its legal existence, or fails to maintain pertinent regulatory and permitting agency approval, its legal capacity to own and maintain the New Dam separate and apart from the County, then, in any such event, SRHOA shall promptly take, at its expense, all actions necessary for SRHOA to form a successor Florida not-for-profit corporation to assume all of the rights and obligations of the Maintenance Entity under the terms provided in this Agreement, including without limitation, ownership of, and all maintenance and repair responsibilities

for, the New Dam; and,

(5) That SRHOA, the District, Cudlipp and Zaragosa agree and acknowledge that in no event shall the County be requested by them or by the corporation formed by the SRHOA to become the owner of or the Maintenance Entity for the current dam or the New Dam or any roadway running above the dam.

(6) That SRHOA shall execute and deliver quit claim deeds and/or other instruments conveying their interests in the site of the New Dam in accordance with paragraph 10 of this Agreement.

PARAGRAPH 30. Default of SRHOA and/or Maintenance Entity:

In the event the Maintenance Entity or successor Maintenance Entity shall fail or refuse to operate the dam, or otherwise be in material breach of its obligations pursuant to this Agreement, the County shall upon 90 days prior notice to SRHOA and any then existing Maintenance Entity, and unless such failure, refusal or material breach is cured within such 90 days, have the right to cause the structure to cease to operate as a dam, and at its option will be allowed to dismantle the dam.

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

WITNESSES:

LAKE GRADY ROAD AND
BRIDGE DISTRICT

By: _____

(Print Name of Witness)

Its: _____

(Print Name of Witness)

ATTEST:
FLORIDA

COUNTY: HILLSBOROUGH COUNTY,

Richard Ake
Clerk of the Circuit Court

By: _____
DEPUTY CLERK

By: _____
CHAIRMAN, BOARD OF COUNTY
COMMISSIONERS

WITNESSES:

(Print Name of Witness)

ANGELA S. CUDLIPP

(Print Name of Witness)

MICHAEL P. CUDLIPP

(Print Name of Witness)

(Print Name of Witness)

CUDLIPP CONSTRUCTION AND
DEVELOPMENT COMPANY, a
Florida corporation

(Print Name of Witness)

By: _____

Its: _____

(Print Name of Witness)

(CORPORATE SEAL)

CORPORATE ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

THE FOREGOING INSTRUMENT was acknowledged before me this ____ day of _____, 1997, by _____, as _____ of **CUDLIPP CONSTRUCTION AND DEVELOPMENT COMPANY**, who has represented that he/she has the authority to act on behalf of and bind said corporation. He/she ___ is personally known to me or ___ has produced _____ as identification and did not take an oath. [Notary, check appropriate blank; and, if obtaining identification, fill in appropriate identification number.]

Notary Public

(Printed Name of Notary)

My Commission Expires:

(Serial Number, if any)

ZARAGOSA PROPERTIES, INC.

By: _____

Its: _____

(Print Name of Witness)

(CORPORATE SEAL)

(Print Name of Witness)

CORPORATE ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

THE FOREGOING INSTRUMENT was acknowledged before me this ____ day of _____, 1997, by _____, as _____ of **ZARAGOSA PROPERTIES, INC.**, who has represented that he/she has the authority to act on behalf of and bind said corporation. He/she ___ is personally known to me or ___ has produced _____

as identification and did not take an oath. [Notary, check appropriate blank; and, if obtaining identification, fill in appropriate identification number.]

Notary Public

(Printed Name of Notary)

My Commission Expires:

(Serial Number, if any)

APPROVAL OF HOMEOWNERS ASSOCIATION

In consideration of the Parties' agreement to construct a New Dam, and other consideration, the sufficiency of which is hereby acknowledged, the undersigned hereby approves the terms of the above Settlement Agreement and agrees to be bound by the obligations set forth therein pertaining to the Shadow Run Homeowners Association and the Maintenance Entity.

SHADOW RUN
HOMEOWNERS ASSOCIATION

By: _____

Its: _____

(Print Name of Witness)

(CORPORATE SEAL)

STATE OF _____

COUNTY OF _____

THE FOREGOING INSTRUMENT was acknowledged before me this ____ day of _____, 1997, by _____, as _____ of **SHADOW RUN HOMEOWNERS ASSOCIATION**, who has represented that he/she has the authority to act on behalf of and bind said corporation. He/she ____ is personally known to me or ____ has produced _____ as identification and did not take an

oath. [Notary, check appropriate blank; and, if obtaining identification, fill in appropriate identification number.]

Notary Public

(Printed Name of Notary)

My Commission Expires:

(Serial Number, if any)

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GJO:bdh