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Bert H. Lane
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November 15, 2013

Seville Harbour, Inc.
Attn: Mr. Ray Russenberger
1901 Cypress Street
Pensacola, Florida 32502

Merrill Land, LLC
Attn: Mr. Collier Merrill
Post Office Box 710
Pensacola, Florida 32591-0710

Merrill Land, LLC
Attn: Mr. Collier Merrill
226 S. Palafox Place, Suite 400
Pensacola, Florida 32502

VIA U. S. CERTIFIED MAIL, RETURN RECEIPT REQUESTED

RE: NOTICE OF DEFAULT under Pitt Slip Marina Lease dated September 18, 1985 (the "Marina Lease"), as partially assigned to Merrill Land, LLC by Pitt Slip Marina Sublease Agreement dated April 20, 2000 (the "Merrill Land Agreement")

Gentlemen:

As counsel for the City of Pensacola, we have analyzed the above-referenced Marina Lease and Merrill Land Agreement and are of the opinion that Seville Harbour, Inc. and Merrill Land, LLC are in default under the Marina Lease as more particularly set forth in this letter. Accordingly, the City of Pensacola, as Lessor under the Marina Lease, hereby notifies Seville Harbour, Inc., as Lessee under the Marina Lease, and Merrill Land, LLC, as partial assignee of the Marina Lease, that Seville Harbour, Inc. and Merrill Land, LLC are in default under the Marina Lease for failure to pay the rents due under Article III, Section B of the Marina Lease for the time periods April 20 through December 31, 2000 and calendar years 2001 through 2012, inclusive, and for failure to provide to the City the tax information and other financial data required by Article III, Section B, subsection 2 of the Marina Lease. Without limiting the foregoing, Seville Harbour, Inc. and Merrill Land, LLC are in default under Article III, Section B of the Marina Lease for their failure to pay to the City, as additional rent, amounts equal to five percent (5%) of the gross sales of the Fish House restaurant and the Atlas Oyster

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House restaurant for the time periods set forth above and for their failure to pay to the City, as additional rent, amounts equal to five percent (5%) of gross rentals (2.5% with respect to office rentals) received by Merrill Land, LLC from subleases of Parcel IA described in the Marina Lease.

In addition, Seville Harbour, Inc. and Merrill Land, LLC are also in default for failure to pay interest due on all such unpaid rents as required by Article III, Section C of the Marina Lease.

Further, the City hereby notifies Seville Harbour, Inc. and Merrill Land, LLC that the City intends to declare the Marina Lease forfeited pursuant to Article XIII, Section E of the Marina Lease unless Seville Harbour, Inc. and/or Merrill Land, LLC have cured the above-mentioned defaults within ninety (90) days after the date of this letter. Such defaults may be cured by:

(1) Providing to the City true, accurate and complete financial statements (certified by the chief executive officer or chief financial officer of Merrill Land, LLC) sufficient to prove, to the City's reasonable satisfaction, all gross sales of the Fish House restaurant during the time periods April 20 through December 31, 2000 and calendar years 2001 through 2012, inclusive;

(2) Providing to the City true, accurate and complete financial statements (certified by the chief executive officer or chief financial officer of Merrill Land, LLC) sufficient to prove, to the City's reasonable satisfaction, all gross sales of the Atlas Oyster House restaurant during the time periods April 20 through December 31, 2000 and calendar years 2001 through 2012, inclusive;

(3) Providing to the City true, accurate and complete financial statements (certified by the chief executive officer or chief financial officer of Merrill Land, LLC) sufficient to show the gross sales of all other business enterprises, if any, conducted directly or indirectly by Merrill Land, LLC or its owners from or out of any portion of the leased premises described in the Marina Lease, including but not limited to Parcel IA, during the time periods April 20 through December 31, 2000 and calendar years 2001 through 2012, inclusive;

(4) Providing to the City true, accurate and complete financial statements (certified by the chief executive officer or chief financial officer of Merrill Land, LLC) sufficient to prove, to the City's reasonable satisfaction, all gross rents received by Merrill Land, LLC from subleases of all or any portion of the leased property described in the Marina Lease, including but not limited to Parcel IA, for the time periods April 20 through December 31, 2000 and calendar years 2001 through 2012, inclusive;

(5) Delivering to the City full payment of all additional rents due under Article III, Section B of the Marina Lease for the time periods April 20 through December 31, 2000 and calendar years 2001 through 2012, inclusive, including without limitation additional rents equal to five percent (5%)

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of the gross sales of the Fish House restaurant and the Atlas Oyster House restaurant for such time periods and five percent (5%) of the gross rents (2.5% for office rents) received by Merrill Land, LLC from all subleases of all or any part of the leased premises described in the Marina Lease, including but not limited to Parcel IA, during such time periods;

(6) Delivering to the City full payment of interest accruing on such unpaid additional rents as required by Article III, Section C of the Marina Lease; and

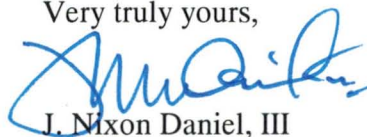
(7) Delivering to the City full payment for the reasonable attorneys' fees and costs incurred by the City by reason of the aforementioned defaults.

Finally, it should be noted that Article XIII of the Marina Lease does not require any notice or cure period prior to *collection* of unpaid rents but rather requires notice and a 90-day cure period only prior to *termination* of the Marina Lease by reason of lessee defaults thereunder.

The City does not waive, and hereby expressly reserves, its right to declare the Marina Lease in default for the failure of Seville Harbour, Inc. and/or Merrill Land, LLC to comply with any of the other terms and conditions of the Marina Lease not mentioned hereinabove for any time period, including without limitation the time periods mentioned hereinabove, whether or not such non-compliance is now known to or suspected by the City. Further, the City does not waive, and hereby expressly reserves, all rights and remedies available to it by reason of the above-mentioned defaults and any other defaults by Seville Harbour, Inc. and/or Merrill Land, LLC now existing or hereafter arising under the Marina Lease (whether or not such defaults are now known to or suspected by the City), including without limitation, the right to require audited financial statements pursuant to Article III, Section B, subsection 2 of the Marina Lease.

Mayor Hayward, the City's attorneys and I are available to discuss this matter with you at any time.

Very truly yours,



J. Nixon Daniel, III
For the Firm

JNDIII:cmh

cc: James M. Messer, Esq.