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TALLAHASSEE, FLORIDA 32301

ORIGINAL

(850) 412-2000
FAX: (850) 412-1307
KATHRYN.COWDERY@RUDEN.COM

November 15, 2006

Blanca S. Bayo, Director
Division of Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Via Hand-Delivery

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COMMISSION
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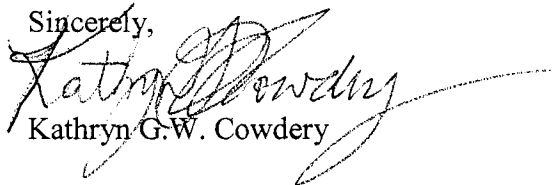
Re: Application by Ocala Springs Utilities Inc. for Transfer to the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida

Dear Ms. Bayo:

Enclosed as required by Sec. 25-30.032(1) are an original and two copies of the Application by Ocala Springs Utilities Inc. for Transfer to the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida.

Please let me know if you have any questions.

Sincerely,


Kathryn G.W. Cowdery

cc (w/enc.): Patti Daniel (Hand-delivery), Supervisor, Certification Section
Eva B. Armstrong, Director, Division of State Lands

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FPSC BUREAU OF RECORDS

TAL:57221:1

RUDEN, McCLOSKEY, SMITH, SCHUSTER & RUSSELL, P.A.

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application by Ocala Springs Utilities Inc.,)
in Marion County, for Transfer to the Board of)
Trustees of the Internal Improvement Trust Fund)
of the State of Florida)

Filed: November 15, 2006

Docket No. 060749-WS

Application by Ocala Springs Utilities Inc.
for Transfer to the Board of Trustees of the Internal Improvement Trust Fund
of the State of Florida

Ocala Springs Utilities Inc. ("OSUI"), holder of water certificate No. 602-W and wastewater certificate 520-S, by and through its undersigned attorneys, hereby files this Application by Ocala Springs Utilities Inc., in Marion County, for Transfer to the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida ("Application") pursuant to Sec. 367.071, Fla. Stat., and Sec. 25-30.037(4), Florida Admin. Code, and in support thereof states:

1. The name and address of the utility and its authorized representative for purposes of this docket:

The utility:

Ocala Springs Utilities Inc.
201 Alhambra Circle, 12th Floor
Coral Gables, Florida 33134

Authorized representative:

Kathryn G.W. Cowdery
Ruden McClosky
215 S. Monroe Street, Suite 815
Tallahassee, Florida 32301
(850) 412-2000

2. The name of the governmental authority and the name and address of its authorized representative for purposes of this docket:

The governmental authority:

The Board of Trustees of the Internal Improvement Trust
Fund of the State of Florida ("Board of Trustees")
3900 Commonwealth Blvd., Mail Station 115
Tallahassee, Florida 32399-3000

Authorized Representative:

Eva B. Armstrong, Director
Division of State Lands
Florida Department of Environmental Protection
3900 Commonwealth Blvd., Mail Station 100
Suite 301, Carr Building
Tallahassee, Florida 32399-3000

3. Copies of the transfer agreements are attached hereto as Attachment "A," as follows:

a. Option Agreement dated as of October 20, 2006, as amended, by and between Avatar Properties Inc. and The Nature Conservancy.

b. Agreement for Sale and Purchase, by and between The Nature Conservancy, the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida, and Marion County, and approved by the Board of Trustees on November 14, 2006.

The Board of Trustees November 14, 2006 Agenda Item 4, TNC Purchase Agreement/Avatar/Florida first Magnitude Springs Florida Forever Project, is attached hereto as Attachment "B" for informational purposes.

4. There are no utility assets not transferred to the governmental authority which constitute a system providing or proposing to provide water or wastewater service to the public for compensation.

5. OSUI has provided the governmental authority with a copy of its Florida Public Service Commission Annual Report for the year ended December 31, 2005, in order to obtain the information as required by Sec. 25-30.037(4)(e).

6. The date on which the governmental authority proposes to take official action to acquire the utility and close thereon is December 22, 2006. In order to facilitate the sale of the Property to the State of Florida, OSUI and the State of Florida respectfully request that this Application be considered at the PSC's December 19, 2006 agenda conference, or the last scheduled agenda conference occurring prior to the December 22, 2006 closing date, and that the commission approve this application contingent upon the closing occurring.

7. Under no circumstances does OSUI intend to transfer or cancel its certificates of authorization to provide water and wastewater service in the event that the closing of the Option Agreement does not occur with regard to the Property.

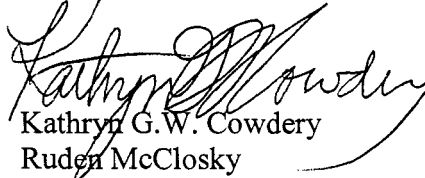
8. OSUI has collected no customer deposits.

9. There are no outstanding regulatory assessment fees, fines or refunds owed by OSUI to the PSC. OSUI will pay the regulatory assessment fees for 2006 prior to cancellation of the certificates.

WHEREFORE, OSUI respectfully requests that its Application be approved as a matter of right pursuant to Sec. 367.071(4)(a), Florida Statutes.

Dated this 15th day of November, 2006.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Kathryn G.W. Cowdery". The signature is written in a cursive style with a large initial "K" and a long, sweeping underline that extends to the right.

Kathryn G.W. Cowdery
Ruden McClosky
215 South Monroe Street, Suite 815
Tallahassee, FL 32301
(805)412-2000

Attorneys for Ocala Springs Utilities Inc.

ATTACHMENT A

OPTION AGREEMENT

THIS AGREEMENT entered into this ^{20th}~~15th~~ day of October, 2006, between AVATAR PROPERTIES INC., a Florida corporation, whose address is 201 Alhambra Circle, 12th Floor, Coral Gables, Florida 33134-5102 (hereinafter referred to as "Seller"), and THE NATURE CONSERVANCY, a nonprofit District of Columbia corporation, whose address is 222 South Westmonte Drive, Suite 300, Altamonte Springs, Florida 32714 (hereinafter referred to as "Buyer" or "TNC").

SELLER

Avatar Properties Inc.
201 Alhambra Circle, 12th Floor
Coral Gables, Florida 33134-5102
Attention: Dennis J. Getman
Telephone: 305/442-7000
Fax: 305/448-9927
Email: Dennis_Getman@AvatarHoldings.com

BUYER:

The Nature Conservancy
222 S. Westmont Drive, Suite 300
Altamonte Springs, Florida 32714
Attention: Keith Fountain
Telephone: 407/682-3664
Fax: 407/682-3077
Email: kfountain@tnc.org

With a copy to:

Geoff Rich, Senior Attorney
The Nature Conservancy
222 S. Westmont Drive, Suite 300
Altamonte Springs, Florida 32714
Telephone: 407/682-3664
Fax: 407/682-3985
Email: grich@tnc.org

WHEREAS, Buyer is a charitable nonprofit corporation whose mission is to preserve the plants, animals and natural communities that represent the diversity of life on earth by protecting the lands and waters they need to survive.

WHEREAS, The Seller received the attached letter from the Department of Environmental Protection, dated September 7, 2006, and as a result of that letter, Seller has decided to sell the property to Buyer.

WHEREAS, Seller understands that Buyer may make a subsequent sale or other disposition of the Property and that Buyer reserves the right to do so in favor of any party, whether or not a public agency, on terms which Buyer, in its sole discretion, deems appropriate, it being Buyer's practice to apply the net proceeds so derived, if any, to its charitable work.

WHEREAS, The parties hereby acknowledge that if said purchase price is below fair market value, such price does not reflect a reduction in value due to the presence of, or the suspected presence of, pollutants, hazardous substances, or toxic substances on or under the Property.

AGREEMENT

NOW, THEREFORE, IN CONSIDERATION OF THE Option Money (as defined below), mutual covenants and agreements contained herein and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Grant of Option. For and in consideration of the sum of ONE THOUSAND AND 00/100 DOLLARS (\$1,000.00) (hereinafter referred to as the "Option Money"), the receipt of which Seller hereby acknowledges, Seller does hereby grant, and warrants to Buyer that it has the right and authority to grant, to Buyer the exclusive and irrevocable right and option (the "Option") to purchase, for the price and upon the terms and conditions hereinafter set forth, the lands more particularly described in EXHIBIT "A" attached hereto and by this reference incorporated herein, lying in Marion County, Florida, together with all improvements located thereon and all easements and all rights, tenements, hereditaments, members, privileges, licenses and appurtenances thereto, all utility reservations, easements, strips and gores of land, rights-of-way, improvements and fixtures located thereon, all governmental licenses, permits and certificates applicable thereto, and all of Seller's right, title, and interest in an to all public and private ways adjoining or serving the same, and all riparian rights and interests in waterbodies, and the beds of waterbodies, on or adjacent to the described lands (hereinafter collectively referred to as the "Property"). The Option is coupled with an interest and shall be irrevocable during the initial term of the Option and any extensions of the initial term.

2. Term of Option. The Option shall remain open and in effect for an initial period commencing with the effective date of this Agreement and ending at 12:00 midnight on December 6, 2006 (the "Term").

3. Exercise of Option. The Option may be exercised at any time prior to the expiration of the Term by written notice from Buyer to Seller, either mailed or delivered to Seller as provided in Section 21 below. If the Option is not so exercised prior to the expiration of the Term, this Agreement shall automatically terminate, and, except as expressly provided to the contrary herein, Seller and Buyer shall have no further rights, obligations or duties hereunder.

4. Disposition of Option Money. The Option Money shall be credited against the amounts due from Buyer at Closing. If the sale of the Property is not consummated under this Agreement because of Seller's failure, refusal or inability to perform any of Seller's obligations under this Agreement, the failure of any of Seller's representations or warranties under this Agreement or because Buyer elects not to close by reason of damage to or condemnation of the Property as provided below, the Option Money shall be promptly returned to Buyer upon request; otherwise, the Option Money shall not be refundable but shall be retained by Seller.

5. Purchase Terms.

a. Price. In the event that Buyer timely exercises the Option, Seller shall sell to Buyer and Buyer shall buy from Seller the Property for a purchase price of SEVENTY SIX MILLION TWO HUNDRED FORTY FIVE THOUSAND AND 00/100 DOLLARS (\$76,245,000.00 (the "Purchase Price").

b. Method of Payment. The Purchase Price shall be payable by crediting the Option Money paid against the Purchase Price, and the balance by wire transfer and/or state warrant at closing; subject to those credits, pro-rations and adjustments provided elsewhere in the Agreement. Seller hereby

agrees that a state warrant in the amount of \$43,245,000.00, a check or wire from Marion County in the amount of \$2,000,000, and a wire from Buyer in the amount of \$31,000,000.00 for the Property may be issued directly to an escrow agent who is authorized by law to receive such payment, and who is acceptable to Buyer, and to require the escrow agent to pay Seller's expenses of sale and real estate taxes.

c. State of Florida Participation. Seller acknowledges that, at closing, Buyer will be conveying a portion of the Property as determined in the sole discretion of Buyer and the Florida Department of Environmental Protection, Division of State Lands, to the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida (hereafter "Trustees") and Buyer's obligation to close this transaction is contingent on the Trustees' payment of \$43,245,000.00 at Closing as described in Section 5b. above. Buyer's obligation is also contingent upon Marion County's payment of \$2,000,000.00 at Closing as described in Section 5b. above, and Marion County's payment of \$500,000 to Buyer for closing costs at Closing. In the event the funds from either the Trustees or Marion County are not received at Closing, this Agreement may be terminated by Buyer by notice as provided in Section 21 and Seller and Buyer shall have no further rights, obligations or duties hereunder.

The Purchase Price stated herein is contingent upon confirmation by the State of Florida of the final State approved purchase price after completion of the boundary survey. It is understood and agreed by the parties that the Purchase Price stated herein is based on the Property containing an estimated 4,471 acres, and any reduction in the final surveyed area may result in a reduction in the Purchase Price as mutually agreed upon by the parties.

6. Deliberately omitted.

7. Survey. Buyer may, at any time after the date of this Agreement and before the Closing, cause a survey acceptable in form to Buyer and any acquiring governmental entity to be made of the Property by a land surveyor registered in the state where the Property is located. The expense of the survey shall be borne by Buyer. The plat of survey shall show the boundaries of, and state the acreage of the Property, rounded to the nearest one-hundredth (1/100th) of an acre. The legal description in EXHIBIT "A" shall be changed, if necessary, without the necessity of amending this Agreement, to conform to the survey and to the requirements of the title commitment, or to allow the Seller to convey any portion of the Property directly to the Trustees at Closing as provided in Section 9. It is the intention of the Seller to convey all property owned by Seller in the plat of Silver Springs Park Addition in the NE ¼ of Section 26, Township 14 South, Range 22 East, Marion County, Florida.

8. Title. At any time prior to Closing, Buyer may obtain a commitment, and after Closing an owner's title insurance policy, both at Buyer's expense, with a title insurer and agent selected by Buyer, in the amount of the Purchase Price, reflecting good and marketable fee simple title to the Property in Seller, subject only to the following: a) the lien of current ad valorem taxes and assessments not yet due and payable; b) applicable zoning ordinances; and c) matters of record not objected to by Buyer. Further, Buyer may object to any matter of title which in Buyer's reasonable judgment, will preclude, impede or inhibit Buyer's intended use or disposition of the Property. If a survey is completed, the survey and evidence of title may be examined together. Buyer shall have 30 days following receipt of the owner's title insurance commitment within which to examine it and to furnish to Seller a written statement of any objections to title. Matters reflected by the survey, including utility easements, which are inconsistent with the preservation and management of the Property in its natural state, may be treated as title defects, and may be raised within 20 days of receipt of the final, sealed, survey. Seller shall immediately and diligently attempt to satisfy the stated title objections and shall have twenty (20) days to do so. In no event shall a title defect constitute a default by Seller hereunder nor shall Buyer have any right of action against Seller for damages or for specific performance in the event of such title defect or the failure of Seller to cure same within the aforesaid twenty (20) day period, the rights of Buyer being limited solely to the return of the Option Money or the purchase of the Property subject to any title defects without

abatement or adjustment of the purchase price unless mutually agreed upon by the parties. Failure of the Buyer to reject title as required herein shall mean the Buyer has accepted same.

If Seller fails to timely satisfy all of the stated title objections, Buyer may, at its option:

- a. waive the title objections and proceed to close;
- b. extend the Term for fifteen (15) days by written notice to Seller, to enable Seller to satisfy the stated title objections;
- c. as long as the portion of the Property does not exceed two hundred (200) acres, proceed to closing with respect to the portions(s) of the Property not affected by the stated title objections, in which event the Purchase Price shall be reduced to reflect the portion of the Property removed from the transaction.
- d. cure such title defects as may be cured by the payment of money, as long as such payment does not exceed Two Hundred Fifty Thousand (\$250,000.00) Dollars, with a credit to Buyer against the portion of the Purchase Price due at Closing for such expenses of curing title; or
- e. terminate this Agreement, in which case all of the Option Money and all sums paid by Buyer for surveys, hazardous materials inspection, appraisals, and title insurance commitment shall be promptly reimbursed to Buyer and, except as expressly provided to the contrary herein, Seller and Buyer shall have no further rights, obligations or duties hereunder.

If Buyer elects to extend the Term under subparagraph b) above and the Seller subsequently fails or is unable to satisfy the stated title objections by the extended Term, Buyer may elect between the alternatives set forth in subsections "a", "c", "d" or "e" above.

9. Closing. If Buyer timely exercises the Option, the transaction contemplated by this Agreement shall be closed on or before December 22, 2006, (the "Closing") at the office of the closing agent designated by Buyer at 12:00 noon, or such other time as the parties agree to in writing, provided however, that if a defect exists in the title to the Property, title commitment, Survey, environmental site assessment or any documents required to be provided or completed and executed by Seller, the closing shall occur either on the original closing date or within 15 days after receipt of documentation removing the defects, whichever is later. The parties agree that Buyer may arrange a simultaneous closing with a public agency and Seller will cooperate in coordinating such a simultaneous closing. The parties may arrange to close by mail. At Buyer's request, all closing documents and the title insurance commitment referred to above shall be prepared naming a governmental entity as grantee, buyer, or insured for all or any portion of the Property. Seller shall have the option in its sole discretion, to reschedule the closing for January 4, 2007.

Seller shall deliver to Buyer at Closing the following documents, prepared by Buyer's counsel with such documents to be reasonably acceptable in form to Seller's attorney:

- a. a special warranty deed to the Property meeting the requirements as to title set forth above, together with a bill of sale for the personal property appurtenant to the Property, if any;
- b. an owner's affidavit attesting to the absence of mechanic's or materialmen's liens, boundary line disputes, proceedings involving Seller which might affect title to the Property, or parties in possession other than Seller and such lessees or licensees as may be in possession pursuant to ground leases or licenses meeting the requirements as to title set forth above;

- c. an environmental affidavit for the benefit of Buyer and Trustees;
- d. a Beneficial Interest Affidavit and Disclosure Statement for the benefit of Buyer and Trustees as more fully described in Paragraph 33; and
- e. closing statement.

All affidavits referenced in subsections "b," "c," and "d" above must run to the Buyer and Trustees.

10. Closing Expenses and Prorations.

a. The following expenses shall be paid by the Seller:

- i.) Documentary stamps exceeding \$500,000 in the approximate amount of \$33,715.00;
- ii.) recording fees, and the cost of preparing all documents necessary to satisfy the requirements of the title insurance commitment or remove encumbrances on Seller's title.

b. The following expenses shall be paid by the Buyer:

- i.) Documentary stamps in the amount of \$500,000.00;
- ii.) Boundary survey;
- iii.) Environmental Site Assessment;
- iv.) the cost of title examination, preparation of the title insurance commitment, the owner's title insurance premium, and all other costs associated with the preparation and delivery of the owner's title insurance policy, and the costs, if any, to perfect the Seller's title, including the costs or fees of the title insurance agency or attorney.

c. Real property taxes and assessments ("Tax" or "Taxes") for the current year shall be prorated as of Closing, treating the Buyer as the owner of the Property on the date of Closing. Seller shall provide to Buyer the most recent real property tax bill(s) for the Property.

- i.) Taxes shall be prorated based on the current year's Tax, if known;
- ii.) If closing occurs at a date when the current year's Taxes are not yet fixed, and the current year's assessment is available, Taxes will be prorated based upon such Assessment and the prior year's millage;
- iii.) If the current year's assessment is not available, Taxes will be prorated based on the prior year's Tax. However, any Tax proration based on an estimate shall be promptly adjusted, at the request of either party, upon receipt of the current year's tax bill, and a statement to that effect shall be included in the closing statement. Any rents or other income derived from the leasing or licensing of the Property or any part thereof, sanitary sewer taxes and utility charges shall also be prorated as of Closing.

d. All other expenses including, but not limited to attorney's fees, shall be paid by the party incurring the same.

11. Risk of Loss and Maintenance. Between the effective date of this Agreement and the Closing, Seller assumes all risk of loss to the Property. Seller acknowledges that Buyer's interest in purchasing the Property is the preservation of environmentally-sensitive property. Seller shall maintain the Property in its present condition pending Closing and shall not remove, or permit the removal of, any timber from the Property or otherwise make or permit any changes in or upon the Property except with Buyer's advance written consent or which are necessary to help preserve the Property. In the event of loss or damage to the Property such that the Property is, in the reasonable discretion of Buyer, no longer suitable for Buyer's preservation purposes, Buyer shall have the right, by notice given to Seller as provided herein, to terminate this Agreement, whereupon Seller shall promptly refund to Buyer all of the Option Money and except as expressly provided to the contrary herein, Seller and Buyer shall have no further rights, obligations or duties hereunder.

12. Seller's Representations and Warranties. Seller represents and warrants to Buyer that:

- a. Seller has good and marketable fee simple title to the Property;
- b. Seller has the right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby in accordance with its terms;
- c. There are no leases, licenses contracts or agreements of any kind whatever affecting the Property or any part thereof, except for two Ground Leases with Swift Agrisales, Inc., which may be terminated upon six (6) months notice;
- d. Deliberately omitted;
- e. Seller will not enter into any other contracts or agreements of any kind affecting the Property or any part thereof after the date of this Agreement, without the advance written consent of Buyer;
- f. Seller knows of no pending or threatened proceedings, including, without limitation, boundary line disputes, which might affect the Property or any part thereof or Seller's title thereto;
- g. There exists no uncured notice served upon or delivered to Seller by any private or governmental party which might result in any lien upon or claim against the Property or any part thereof which specify any violation of law, rule, regulation, ordinance, covenant, condition or restriction with respect to the Property or any part thereof;
- h. To the best of Seller's knowledge and belief, such knowledge to be that of Dennis J. Getman, the General Counsel of the Seller, after inquiry, there is no condition at, on, under or related to the Property presently or potentially posing a significant hazard to human health or the environment, whether or not in compliance with law, and there has been no production, use, treatment, storage, transportation or disposal of any Hazardous Materials, as hereinafter defined, on the Property, nor any release or threatened release of any Hazardous Materials, pollutant or contaminant into, upon or over the Property or into or upon ground or surface water at the Property;
- i. To the best of Seller's knowledge and belief, such knowledge to be that of Dennis J. Getman, the General Counsel of the Seller, after inquiry, no Hazardous Materials are now or ever have been stored on the Property in underground tanks, pits or surface impoundments and there are no asbestos-containing materials incorporated into the buildings or interior improvements or equipment that are part of the Property or other assets to be transferred pursuant to this Agreement; and

j. Hazardous Material Defined:

i.) the presence of which requires investigation, remediation, or is, or become regulated under any federal, state or local statute, regulation, ordinance, order, action policy, or common law; or

ii.) which is or becomes defined as a "hazardous substance", pollutant, or contaminant under any federal, state, local statute, regulation, rule, or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); or

iii.) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous, or poses, or threatens to pose a hazard to the health or safety of persons on or about the Property, and is or becomes regulated by any governmental authority, agency, department, commission, board, or instrumentality of the United States, the State in which the Property is located or any political subdivision thereof.

k. Seller has provided to Buyer copies of all notices or communication of any type Seller has received in the past ten (10) years concerning the actual or potential presence of Hazardous Materials on the Property, and agrees to immediately provide to Buyer copies of all such notices received prior to Closing.

l. The Property has direct access to publicly-dedicated rights-of-way, without the necessity of any private easements over or across the property of third parties.

Seller will take all such actions as will cause all of the foregoing representations and warranties to be true and correct as of Closing and will so certify to Buyer at Closing. All of the representations and warranties made by Seller in this Agreement, including but not limited to those set forth above, shall be deemed material conditions of the consummation of the transaction contemplated by this Agreement and shall expressly survive the Closing of such transactions and the delivery of the instruments of conveyance.

13. Hazardous Materials Audit(s) and Remediation. Anytime before the expiration of the Term, Buyer shall obtain a report of an investigation of the Property carried out and prepared by a licensed engineer or geologist selected by Buyer employing procedures that a prudent Buyer would employ under the circumstances ("Phase I Audit"). A copy of the final report for the Phase I Audit will be delivered by Buyer to Seller. In the event that the Phase I Audit final report states that it is likely that there are Recognized Environmental Conditions, which would include Hazardous Materials, present on or beneath the surface of the Property, or that further investigations are necessary to determine whether Recognized Environmental Conditions are present ("Unsatisfactory Report"), Buyer may elect to terminate this Agreement by giving notice as required herein, in which event Seller agrees to return to Buyer the Option Money paid, and to reimburse Buyer for the actual cost for all appraisals, surveys and inspections of any kind Buyer has incurred in connection with preparing to exercise its Option or to close its purchase of the Property, and thereafter the parties shall have no further obligations under the Agreement.

Should Buyer elect not to terminate this Agreement, Seller shall, at Seller's sole cost and expense, and prior to the exercise of the option and closing, promptly commence and diligently pursue any assessment, clean up and monitoring of the Property necessary, as to Hazardous Materials, to bring the Property into full compliance with Environmental Law. "Environmental Law" shall mean all federal, state and local laws, including statutes, regulations, ordinances, codes, rules, judgments, orders, decrees, permits,

concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to the protection of the environment or human health, welfare or safety, or to the emission, discharge, seepage, release or threatened release of any contaminant, solid waste, hazardous waste, pollutant, irritant, petroleum product, waste product, radioactive material, flammable or corrosive substance, carcinogen, explosive, polychlorinated biphenyl, asbestos, hazardous or toxic substance, material or waste of any kind into the environment, including, without limitation, ambient air, surface water, ground water, or land including, but not limited to, the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource and Conservation and Recovery Act of 1976, the Hazardous and Solid Waste Amendments of 1984, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Superfund Amendments and Reauthorization Act of 1986, Chapters 161, 253, 373, 376 and 403, Florida Statutes, Rules of the U.S. Environmental Protection Agency, Rules of the Florida Department of Environmental Protection, and the rules of the Florida water management districts now or at any time hereafter in effect. However, should the estimated cost to Seller of clean up of Hazardous Materials exceed a sum which is equal to 2% of the Purchase Price as stated in Section 5a., Seller may elect to terminate this Agreement and neither party shall have any further obligations under this Agreement. If Hazardous Materials are discovered after closing, Seller shall remain obligated hereunder, with such obligation to survive the closing, delivery, and recording of the deed described in paragraph 9. of this Agreement and Buyer's possession of the Property, to diligently pursue and accomplish the clean up of Hazardous Materials placed on the Property during Seller's ownership of the Property in a manner consistent with all applicable Environmental Laws and at Seller's sole cost and expense.

Notwithstanding the foregoing obligation to investigate and remediate, Buyer may elect to change the description of the Property to be conveyed, so as to not acquire any part of the Property that contains any Hazardous Materials plus a reasonable buffer zone. If Buyer elects to not acquire any part of the property, as described in this subsection, the Purchase Price shall be adjusted to reflect the portion of the Property removed from the transaction. However, such part of the Property shall not exceed two hundred (200) acres.

Further, if neither party elects to terminate this Agreement as provided above, Seller hereby indemnifies and saves harmless and defends Buyer, its officers, servants, agents and employees, for a period not to exceed eighteen months from the date of closing, from and against any and all claims, suits, actions, damages, liabilities, expenditures or causes of action of whatsoever kind arising from Hazardous Materials placed on the Property during Seller's ownership of the Property whether the Hazardous Materials are discovered prior to or after closing. Seller shall defend, for a period not to exceed eighteen months from the date of closing, at Seller's sole cost and expense, any legal action, claim or proceeding instituted by any person against Buyer as a result of any claim, suit, or cause of action for injuries to body, life, limb or property for which Hazardous Materials placed on the Property during Seller's ownership of the Property are alleged to be a contributing legal cause. Seller shall save Buyer harmless, for a period not to exceed eighteen months from the date of closing, from and against all judgments, orders, decrees, attorney's fees, costs, expenses and liabilities in and about any such claim, suit, investigation or defense thereof, which may be entered, incurred or assessed as a result of the foregoing. Notwithstanding the above, it is agreed that Seller's economic exposure shall not exceed 2% of the Purchase Price.

The limitation herein on Seller's contractual obligation to indemnify Buyer as specified in this paragraph shall not be construed to limit Seller's legal liability under any Environmental Law for Hazardous Materials located on the Property or to limit Buyer's legal and equitable remedies against Seller under any Environmental Law for Hazardous Materials located on the Property.

14. Condition of Premises. Except as specifically set forth in this Option Agreement, the Seller and the Buyer agree that no warranties, whether express or implied, are made or will be made as to the

merchantability, fitness, condition or use of the Property, but rather Buyer is purchasing such "as is", following the full opportunity to inspect the premises.

15. Casualty or Condemnation. In the event of any damage to or destruction of the improvements, if any, on the Property, or the taking of all or any part of the Property by eminent domain proceedings, or the commencement of such proceedings prior to Closing, Buyer shall have the right, at its option, to terminate this Agreement by notice given to Seller as provided below, whereupon Seller shall promptly refund to Buyer all of the Option Money and, except as expressly provided to the contrary herein, Seller and Buyer shall have no further rights, obligations or duties hereunder. If Buyer does not so terminate this Agreement, then Buyer may, at its option, either a) proceed to close, with the Purchase Price reduced by the total of any awards or other proceeds received or to be received by Seller as a result of such [casualty or] proceedings, or b) proceed to close, with an assignment by Seller of all of Seller's right, title and interest in and to any and all such awards and proceeds. Seller shall notify Buyer in writing of any casualty or eminent domain proceedings affecting the Property within five (5) days after Seller learns of such casualty or proceedings.

16. Condition of Property at Closing. Prior to Closing, Seller covenants and agrees to cure any nuisances and remove or cause to be removed from the Property, at Seller's sole cost and expense, such not to exceed Two Hundred Fifty Thousand (\$250,000.00) Dollars, any and all personal property and/or trash, rubbish or any other unsightly or offensive materials thereon, including, but not limited to, any Hazardous Materials in tanks, barrels, equipment, pipelines or other containers on the Property, unless otherwise agreed to in writing by Buyer. All billboards on the Property, if any, must be removed and any existing leases terminated. If any leases cannot be terminated and the billboards removed, the property on which the billboards are located must be cutout of the Property being conveyed. Satisfaction of the promises contained herein shall be subject to Buyer's inspection and approval of the physical condition of the Property. If, on or before the Closing, Seller has not satisfied the promises contained herein, Buyer may elect to either a) defer the Closing until Seller has satisfied said promises, or b) remove or cause to be removed said personal property and/or trash, rubbish or other offensive materials as described above in which case Buyer shall receive a credit against the Purchase Price at Closing in the amount expended by Buyer, such not to exceed Seller's limit set forth above, in this regard in order to satisfy Seller's promises contained herein.

17. Access to Property. Between the effective date of this Agreement and the Closing, Buyer, its contractors, agents and assigns shall have access to the Property at all reasonable hours, through its representatives, agents and employees, for the purpose of inspecting the Property and causing any necessary appraisals, Hazardous Materials audits and surveys, and other inspections to be made, provided always that Buyer shall not interfere with the rights of any lessees or licensees of the Property. With regard to any entry by Buyer upon the Property prior to closing, Buyer shall be responsible during the term of this Agreement for damage or injury to persons or property resulting from Buyer's entry upon the Property for which it is found legally liable.

18. Brokers. Seller agrees to pay any and all real estate or brokerage commissions for which it may be liable and agrees to indemnify and hold Buyer harmless from and against any and all loss, cost, claim, demand, damage, action, cause of action, suit or liability arising out of or in any manner related to the alleged employment or use by Seller of any real estate broker of agency in connection with the transactions contemplated hereby. Buyer represents that it has not retained any real estate broker or agent in connection with the transactions contemplated hereby. The provisions of this Section shall expressly survive the Closing hereunder.

19. Deliberately omitted.

20. Remedies Upon Default. Subject to Paragraph 8, in the event that Seller defaults in the performance of any of Seller's obligations under this Agreement, Buyer shall have the sole right of specific performance against Seller or the right of reimbursement of the Option Money as full liquidated damages for such default. It is hereby agreed that Seller's damages in the event of a default by Buyer hereunder are uncertain and difficult to ascertain, and that the Option Money constitutes a reasonable liquidation of such damages and is intended not as a penalty, but as full liquidated damages. Seller covenants not to bring any action or suit, whether legal or equitable, against Buyer for additional damages or other redress in the event of Buyer's default hereunder.

21. Notices. All notices, demands, requests or other communications permitted or required by this Agreement shall be in writing and shall be deemed to have been duly given if by the date called for under this Agreement: (i) delivered by hand, or (ii) by nationally-recognized, overnight express delivery service, or (iii) by U.S. registered or certified mail, postage prepaid, return receipt requested, or (iv) by electronic transfer ("teletype/fax") with prompt telephone confirmation, to the parties as set forth on Page 1.

Any notice or other communication mailed as hereinabove provided shall be deemed effectively given or received on the date of delivery, except fax notices shall be deemed effectively received when sent or, if sent after 5:00 p.m. eastern time, shall be deemed received at 9:00 a.m. eastern time on the first business day following actual receipt by the addressee. If any notice properly addressed or transmitted, but returned for any reason, such notice shall be deemed to be effective notice and to be given on the date of sending.

22. Entire Agreement. This Agreement shall not be modified or amended except by an instrument in writing, signed by or on behalf of both parties.

23. Applicable Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State where the Property is located.

24. Effective Date. As used herein, the terms "date of this Agreement," "date hereof" and "effective date of this Agreement" shall mean the date on which the last of the parties executes this Agreement.

25. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, and all of which counterparts together shall constitute the same instrument. Legible fax copies and photocopies of documents signed by either party are deemed to be equivalent to originals.

26. Parties Bound. All of the terms, covenants and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

27. Attorney's Fees. In the event of any litigation, including appellate proceedings, arising out of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs from the non-prevailing party.

28. Headings; Rules of Construction. The headings used in the Agreement are for convenience of reference only and shall not be construed to alter or affect the meaning of any of the provisions. All references to the singular shall include the plural, and vice versa. The parties agree that this Agreement is the result of negotiation by the parties, each of whom was represented by counsel, and thus, this Agreement shall not be construed against either party because of authorship.

29. Assignability. Buyer may freely assign this Option, but only to an organization recognized under Section 501(c)(3) of the Internal Revenue Code of 1986 as a charitable organization, or to a public agency.

30. Time of Essence. Time is of the essence of this Agreement.

31. Severability: Each provision of this Agreement is severable from any and all other provisions of this Agreement. Should any provision of this Agreement be for any reason unenforceable, the balance shall nonetheless remain in full force and effect, but without giving effect to such provision.

32. No Waiver. Neither the failure of either party to exercise any power given such party hereunder or to insist upon strict compliance by the other party with its obligations hereunder, nor any custom or practice of the parties at variance with the terms hereof shall constitute a waiver of either party's right to demand exact compliance with the terms hereof.

33. Required Disclosures. Seller agrees to provide to Buyer such information concerning the beneficial interests of persons in the Property, and financial transactions concerning the Property for five years prior to the date of this Agreement and five years prior to Closing to enable Buyer to comply with Chapter 286.23(1), and Chapter 375.031, Florida Statutes, by completing the Addendum attached as Exhibit "B", and information regarding Seller's corporate status by completing the Addendum attached as Exhibit "C".

34. Covenant to Not Further Encumber. Seller agrees that during the term of this Agreement it will take no action, or fail to take any action, which will further encumber the Property or any subpart thereof, including but not limited to: a) failing to pay any taxes or assessments before they become delinquent; b) placing any further liens of any type on the Property including the lien of any future advances or other additional debt under any mortgage; c) permitting any worker's or contractor's lien to be placed on the Property; and d) permit any change in zoning land use classification, or transfer of development rights, which would reduce the market value of the Property, unless previously agreed to in writing by Buyer. A breach of this covenant by Seller shall be deemed a material breach of contract and a default hereunder, and in such case Seller shall, upon notice and demand by Buyer, reimburse Buyer for the Option Money paid and for all payments made by Buyer to any service provider in the course of Buyer's due diligence work to prepare for Closing.

35. Delay. Notwithstanding any other term of this Agreement, all dates for the performance of obligations of the parties shall be automatically extended one business day for any due date falling on a Saturday, Sunday or holiday, or shall be automatically extended for a reasonable time period, not to exceed three (3) business days, if any event, including but not limited to, natural disasters, strikes, civil disorder, war, national or local days of mourning, cause the county courthouse and/or major public services to be closed or suspended in Seller's or Buyer's locale ("Disaster"). This Section is to be liberally construed so as to save the transaction and to avoid defaults.

36. RESOLUTION OF DISPUTES. EACH PARTY ACKNOWLEDGES THAT THIS AGREEMENT IS A SOPHISTICATED LEGAL DOCUMENT. ACCORDINGLY, JUSTICE WILL BEST BE SERVED IF ISSUES REGARDING THIS AGREEMENT ARE HEARD BY A JUDGE IN A COURT PROCEEDING, AND NOT A JURY. EACH BUYER AGREES THAT ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION, WITH RESPECT TO ANY ACTION, PROCEEDING, CLAIM, COUNTERCLAIM, OR CROSSCLAIM, WHETHER IN CONTRACT AND/OR IN TORT (REGARDLESS IF THE TORT ACTION IS PRESENTLY RECOGNIZED OR NOT), INCLUDING, BUT NOT LIMITED TO, THOSE FOR PERSONAL INJURIES, PAIN, SUFFERING AND WRONGFUL DEATH, BASED ON, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS AGREEMENT, THE DOCUMENTS (INCLUDING, WITHOUT LIMITATION,

ANY DECLARATION), ANY COURSE OF CONDUCT, COURSE OF DEALING, VERBAL OR WRITTEN STATEMENT, VALIDATION, PROTECTION, ENFORCEMENT ACTION OR OMISSION OF ANY PARTY SHALL BE HEARD BY A JUDGE IN A COURT PROCEEDING AND NOT A JURY. SELLER HEREBY SUGGESTS THAT EACH BUYER CONTACT AN ATTORNEY IF SUCH BUYER DOES NOT UNDERSTAND THE LEGAL CONSEQUENCES OF EXECUTING THIS AGREEMENT.

37. RADON GAS. RADON IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN FLORIDA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY HEALTH UNIT.

38. News Releases. Unless legally required, neither party hereto shall issue any news releases pertaining to this Option Agreement without the written permission of the other party, such permission not to be unreasonably withheld.

39. Plat Vacation. Prior to the Closing, Seller shall cause the plats of record in Marion County, Florida, which are located within the boundaries of the Property, to be vacated by the appropriate governmental entity contingent on title to all of the Property vesting in the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida. All vacated road rights of way, parks and other rights or interests accruing to the Seller as a result of the location of the above-referenced plat shall be deemed to be part of the Property, shall be included within the final legal description of the Property, insured by the title insurer and conveyed to the Buyer at closing. In the event that the requirements of this paragraph have not been satisfied by the Seller prior to Closing, the Closing shall be automatically extended for a period of time sufficient to allow the Seller to complete the plat vacation proceedings and to satisfy all other requirements of this paragraph. Provided, however, in the event that the requirements of this Section 39 are not completed on or before the January 30, 2007, Buyer shall have the option to either accept the title as it then is or to terminate this Agreement, thereupon releasing Buyer and Seller from all further obligations under this Agreement. All costs pertaining to the plat vacation proceedings and the other requirements of this paragraph shall be paid solely by the Seller. The provisions of this section shall not apply to the plat of Silver Springs Park Addition in the NE ¼ of Section 26, Township 14 South, Range 22 East, Marion County, Florida.

40. Bargain Sale. Buyer is an organization described in Sections 501(c)(3) and 170(b)(1)(A)(vi) of the Internal Revenue Code; therefore, Seller may be entitled to consider the amount by which the fair market value of the Property exceeds the sale price for the Property as a charitable contribution of property to the extent permitted by law, but Buyer shall have no responsibility or liability for the determination of the amount or availability of any income tax deduction which Seller may claim. The Conservancy has provided Seller with a summary of its internal policy regarding gifts of interests in real estate and will sign documentation required by the IRS to substantiate a charitable contribution when the conditions stated in the policy are met.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and sealed by its fully authorized signatory(ies) on the date set forth below.

REMAINDER OF PAGE DELIBERATELY LEFT BLANK

Signed, sealed and delivered
In the presence of:

Olivia Medarse
Witness oni l da v Nadarse
[Signature]
Witness

SELLER: AVATAR PROPERTIES INC.
a Florida corporation

By: Dennis J. Getman

Name: Dennis J. Getman, Executive Vice President

Date: October 18, 2006

(CORPORATE SEAL)

Signed, sealed and delivered
In the presence of:

Betty Hernandez
Witness
Petra Rayson
Witness

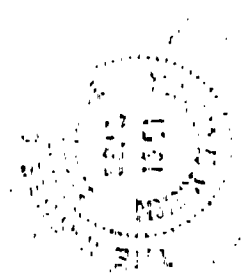
BUYER: THE NATURE CONSERVANCY,
a nonprofit District of Columbia corporation

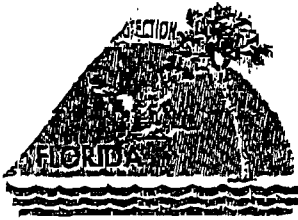
BY: Victoria J. Tschinkel

Name: Victoria Tschinkel, State Director

Date: 10/20/06

(CORPORATE SEAL)





Jeb Bush
Governor

Department of Environmental Protection

Marjory Stoneman Douglas Building
3900 Commonwealth Boulevard
Tallahassee, Florida 32399-3000

Colleen M. Castille
Secretary

September 7, 2006

Dennis J. Getman, Esquire
Avatar Properties, Inc.
201 Alhambra Circle
Coral Gables, FL 33134

COPY

DENNIS J. GETMAN
RECEIVED

SEP 21 2006

LEGAL DEPT.

Subject: Silver Springs, Marion County - 4,471 acres
Florida's First Magnitude Springs Florida Forever Project

Dear Mr. Getman:

The subject property is part of the Florida's First Magnitude Springs Florida Forever Project that is an "A" project on the Florida Forever Full Fee Project List. Once acquired, the tract will be managed as a unit of the state forest system by the Department of Agriculture and Consumer Services, Division of Forestry. Sufficient funding has been allocated for this acquisition and the State of Florida had anticipated negotiating a satisfactory purchase price for the property. Please be informed, however, that the Legislature, by Section 259.041(14) Florida Statutes, has authorized the State to acquire property by exercising the power of eminent domain if the property meets the requirements as set forth in that section.

As we discussed, we sincerely hope that continuing negotiations will result in a satisfactory purchase agreement. If not, with the concurrence of the managing agency, it would be my recommendation to the Governor and Cabinet to proceed with the judicial taking of the property provided the legal requirements of Section 259.041(14), Florida Statutes, are met. In such event, you will be awarded just compensation as determined by the court.

If you have any questions, please advise.

Sincerely,

Eva Armstrong
Director
Division of State Lands

EA/kk

"More Protection, Less Process"

Printed on recycled paper.

EXHIBIT "A"

A parcel of land lying in Township 14 South, Ranges 22 and 23 East, Marion County, Florida, described as follows:

That part of the South ¼ of the East ¼ of Section 12, Township 14 South, Range 22 East lying South and West of NE 97th Street Road (also known as Anthony-Burbank Road and being described in Official Records Book 69, page 314 of the Public Records of Marion County);

LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and being described in Official Records Book 1262, page 1931 of the Public Records of Marion County);

AND:

All of Section 13, Township 14 South, Range 22 East;

LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and being described in Official Records Book 1262, page 1931 of the Public Records of Marion County);

AND:

The East ½ of Section 14, Township 14 South, Range 22 East;

LESS and EXCEPT the Northwest ¼ of the Northeast ¼ of said Section 14;

ALSO LESS and EXCEPT a parcel of land described as follows: Commencing N. 00° 31' 45" E, 931.68 feet from the Southwest corner of the Southeast ¼ of Section 14, Township 14 South, Range 22 East for a POINT OF BEGINNING; thence N 86° 38' 25" E, 933.25 feet; thence N 02° 21' 35" W, 397.28 feet; thence S 86° 38' 25" W, 638.66 feet; thence S 02° 21' 35" E, 373.28 feet; thence S 86° 38' 25" W, 292.96 feet; thence S 00° 31' 45" W, 24.05 feet to the POINT OF BEGINNING;

ALSO LESS and EXCEPT that part lying within a 50 foot right of way described in Official Records Book 1393, page 1807 of the Public Records of Marion County as follows:

A 50 foot ROW 25 feet each side of center line and Beginning at the SW corner of the NW ¼ of the NW ¼ of Section 14, Township 14 South, Range 22 East; thence East to North-South ¼ section line; thence South along said ¼ section line to the NW corner of the SW ¼ of the SE ¼ of same Section; thence East 468 feet to cemetery;

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ALSO LESS and EXCEPT the West 25 feet of the West ½ of the Southeast ¼ of said Section 14;

AND:

That part of the Southeast ¼ of the Southeast ¼, the West ½ of the Southeast ¼, and the South 13 chains of the Southwest ¼ of the Northeast ¼ of Section 22, Township 14 South, Range 22 East lying East of the CSX Railroad right of way;

LESS and EXCEPT the North 7 ½ chains of said Southeast ¼ of the Southeast ¼;

ALSO LESS and EXCEPT that part lying within the right of way of County Road Number S326 (formerly known as State Road Number S326);

ALSO LESS and EXCEPT a parcel of land in the Northeast ¼ of said Section 22 described in Official Records Book 2994, page 506 of the Public Records of Marion County as follows:

Commencing at the East ¼ corner of said Section 22; thence N 89° 50' 24" W, along the South line of the Northeast ¼ of said Section 22, a distance of 2140.03 feet to the Easterly right of way line of the CSX Railroad; thence N 21° 17' 10" W, along said Easterly right of way, 53.72 feet, to the North right of way line of State Road Number S326 and the POINT OF BEGINNING; thence continue N 21° 17' 10" W, along said Easterly right of way line, 306.00 feet; thence S 89° 50' 24" E, 306.00 feet; thence S 21° 17' 10" E, 306.00 feet to the aforementioned Northerly right of way line of State Road Number S326; thence N 89° 50' 24" W, along said Northerly right of way line, 306.00 feet to the POINT OF BEGINNING;

AND:

The East ½; the North ¾ of the West ½; the North 10 chains of the West 15 chains of the Southwest ¼ of the Southwest ¼ (also described as Lot 3 per plat recorded in Plat Book "A", Page 35 of the Public Records of Marion County); The East ¼ of the Southeast ¼ of the Southwest ¼ (also described as Lots 12 and 13 per plat recorded in Plat Book "A", Page 35 of the Public Records of Marion County); and Lots 14, 18, 19 and 20 per plat recorded in Plat Book "A" Page 35 of the Public Records of Marion County; all lying in Section 23, Township 14 South, Range 22 East;

LESS and EXCEPT that part lying within the right of way of County Road Number S326 (formerly known as State Road Number S326);

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ALSO LESS and EXCEPT that part lying within the right of way of NE 40th Avenue Road (also known as NE Indian Lake Blvd.) as shown on the plat of Ocala Springs, Unit No. Three, as recorded in Plat Book "M", Page 23 of the Public Records of Marion County;

AND:

All of Section 24, Township 14 South, Range 22 East;

LESS and EXCEPT that part lying within the right of way of County Road Number S326 (formerly known as State Road Number S326);

ALSO LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35 and being described in Official Records Book 436, page 378 and Official Records Book 1262, page 1931 of the Public Records of Marion County);

AND:

All of Section 25, Township 14 South, Range 22 East;

LESS and EXCEPT that part lying within the right of way of County Road Number S326 (formerly known as State Road Number S326);

ALSO LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35 and being described in Official Records Book 436, page 378; Official Records Book 1262, page 1931; and Official Records Book 3202, page 1448 of the Public Records of Marion County);

ALSO LESS and EXCEPT that part lying within the Seminole Electric transmission line right of way of described as "Parcel No. MA-48" in the Order of Taking recorded in Official Records Book 1055, page 614 of the Public Records of Marion County;

AND:

That part of Section 26, Township 14 South, Range 22 East lying East of the CSX Railroad right of way;

LESS and EXCEPT the Northeast ¼ of said Section 26;

ALSO LESS and EXCEPT a parcel of land described in Official Records Book 1322, page 1886 of the Public Records of Marion County as follows:

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A parcel of land lying in the NW ¼ of Section 26, Township 14 South, Range 22 East, Marion County, Florida, being more particularly described as follows: From the NE corner of said NW ¼ run S 00°06'47" W along the East line of said NW ¼ a distance of 1364.87 feet; thence S 89°56'52" W, parallel with the North line of said NW ¼, a distance of 631.83 feet to the POINT OF BEGINNING of the herein described parcel; thence S 00°06'47" W, parallel with the East line of said NW ¼, a distance of 1072.31 feet; thence S 89°56'52" W, 840.80 feet to the Easterly right of way line of NE 40th Avenue Road, said Easterly right of way line lying 10 feet Easterly and parallel with the right of way line described in Official Records Book 646, Page 248 of the Public Records of Marion County, Florida; thence run along the aforesaid Easterly right of way line N 00°00'00" E, 429.33 feet to the P.C. of a curve concave to the East having a radius of 1450.00 feet and a central angle of 26°19'45"; thence run Northeasterly along the arc of said curve a distance of 666.32 feet; thence departing from said curve and said right of way line run N 89°56'52" E, parallel with the North line of said NW ¼, a distance of 692.50 feet to the POINT OF BEGINNING.

ALSO LESS and EXCEPT those parcels of land described in Official Records Book 1358, page 1454 of the Public Records of Marion County as follows:

(Parcel #1) Commence at the SE corner of the SW ¼ of Section 26, Township 14 South, Range 22 East; thence N 89° 54' 07" W, along the South line of said Section 26 a distance of 1055.03 feet to the POINT OF BEGINNING; thence continue N 89° 54' 07" W, along said South line a distance of 270.45 feet to a point on the East right of way line of NE 38th Terrace; thence N 00° 00' 35" E, along a Northerly projection of said East right of way line a distance of 9.28 feet to the P.C. of a curve, concaved Southeasterly, having a central angle of 106° 00' 23" and a radius of 25 feet; thence Northeasterly along the arc of said curve a distance of 46.26 feet to the P.T. of said curve, said point also being on a curve, concaved Northeasterly, having a central angle of 15° 55' 05" and a radius of 870 feet; thence Southeasterly along the arc of said curve a distance of 241.71 feet to the P.T. of said curve and the POINT OF BEGINNING (chord bearing and distance between said points being S 81° 58' 34" E, 240.83 feet).

(Parcel #2) Commence at the SE corner of the SW ¼ of Section 26, Township 14 South, Range 22 East; thence N 89° 54' 07" W, along the South line of said Section 26 a distance of 1385.48 feet to the POINT OF BEGINNING, said point being on the West right of way line of NE 38th Terrace; thence continue N 89° 54' 07" W, along said South line a

EXHIBIT "A"

distance of 700.51 feet to a point on the Easterly right of way line of the Seaboard System Railroad, said point being 50 feet from, measured at a right angle to, the centerline of said railroad; thence N 16° 51' 04" W, along said Easterly right of way line a distance of 61.45 feet to a point on a curve, concaved Northwesterly, having a central angle of 21° 22' 23" and a radius of 1125.03 feet; thence Northeasterly along the arc of said curve a distance of 419.67 feet to a point (chord bearing and distance between said points being N 54° 53' 57" E, 417.24 feet), said point being the P.C. of a curve, concaved Southerly, having a central angle of 86° 15' 39" and a radius of 25 feet; thence Easterly along the arc of said curve a distance of 37.64 feet to the P.T. of said curve; thence S 49° 31' 36" E, 144.66 feet to the P.C. of a curve, concaved Northeasterly, having a central angle of 17° 07' 58" and a radius of 870 feet; thence Southeasterly along the arc of said curve a distance of 260.15 feet to the P.T. of said curve, said point also being the P.C. of a curve, concaved Southwesterly, having a central angle of 73° 37' 04" and a radius of 25 feet; thence Southeasterly along the arc of said curve a distance of 32.12 feet to the P.T. of said curve, said point also being the P.C. of a curve, concaved Easterly, having a central angle of 06° 56' 55" and a radius of 293.09 feet; thence Southerly along the arc of said curve a distance of 35.55 feet to the P.T. of said curve, said point being on a Northerly projection of the West right of way line of said NE 38th Terrace; thence S 00° 00' 35" W, along said Northerly projection a distance of 9.19 feet to the POINT OF BEGINNING.

ALSO LESS and EXCEPT that part lying within the right of way of NE 40th Avenue, NE 49th Street, and NE 38th Terrace as described in Official Records Book 1499, page 1097 of the Public Records of Marion County;

AND:

All of Silver Springs Park Addition as recorded in Plat Book "B", Page 243 of the Public Records of Marion County;

- LESS and EXCEPT the following lots in said Silver Springs Park Addition:
- Lots 10 and 12, Block 2;
 - Lots 6, 8, 22 and 24, Block 3;
 - Lots 1, 3, 5, 8, 26 and 28, Block 4;
 - Lots 14, 16, 18, and 20, Block 5;
 - Lots 17 and 19, Block 6;
 - Lots 13, 15, 21 and 23, Block 8;
 - Lots 10, 12, 17, 19, 21, 23, 25 and 27, Block 10;
 - Lots 5 and 7, Block 11;
 - Lots 14, 16, 17, 18, 19, 20, 26 and 28, Block 12;

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- Lots 10, 12, 26 and 28, Block 13;
- Lots 21 and 23, Block 14;
- Lots 21, 22, 23 and 24, Block 15;
- Lots 14 and 16, Block 17;
- Lots 1, 3, 6, 8, 17 and 19, Block 18;
- Lots 5, 7, 9, 11, 26 and 28, Block 19;
- Lots 14 and 16, Block 20;
- Lots 10, 12, 14, 16, 18, and 20, Block 22;
- Lots 9, 11, 22 and 24, Block 23;
- Lots 14 and 16, Block 24;
- Lots 10, 12, 13 and 15, Block 25;
- Lots 6, 8, 14, 16, 30 and 32, Block 26;
- Lots 1, 2, 3, 4, 5, 6, 24, 26, 27, 28, 29, 30, 31 and 32, Block 27;
- Lots 14 and 16, Block 28;
- Lots 9, 11, 22 and 24, Block 29;
- Lots 18 and 20, Block 30;
- Lots 9, 10, 11, 12, 25, 26, 27 and 28, Block 32;
- Lots 18, 20, 22, 24, 25 and 27, Block 33;
- Lots 10, 12, 13, 14, 15, 16, 23, 25 and 27, Block 35;
- Lots 1, 2, 3, 4 and 5, Block 37;
- Lots 5 and 7, Block 38;
- Lots 10, 12, 14 and 16, Block 40;
- Lots 2 and 4, Block 41;
- Lots 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, and the East 5 feet of Lots 31 and 32, Block 43;
- Lots 18 and 20, Block 44;
- Lots 1 through 32, Inclusive, Block 45;
- Lots 2, 4, 6 and 8, Block 46;
- Lots 2, 4, 21 and 23, Block 48;
- Lots 9 and 11, Block 49;
- Lots 18 and 20, Block 51;
- Lot 8, Block 53;
- Lots 13, 15, 21, 23, 26 and 28, Block 54;
- Lots 1, 3, 5 and 7, Block 55;
- Lots 13 and 15, Block 57;
- Lots 5, 7, 9 11, 18 and 20, Block 58;
- Lots 9 and 11, Block 59;
- Lots 16, 18, 28, 30 and 32, Block 61;
- Lots 29, 30, 31 and 32, Block 62;
- Lots 5, 7, 30 and 32, Block 63;
- Lots 17, 19, 25 and 27, Block 64;
- Lots 5, 7, 13, 14, 15 and 16, Block 65;

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 10.4.06

EXHIBIT "A"

Lots 2, 4, 6, 8, 10, 12, 14, 16, 25, 26, 27, 28, 29, 30, 31 and 32, Block 66;

AND:

That part of the North $\frac{1}{2}$ of the Northeast $\frac{1}{4}$; the Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$; and the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 27, Township 14 South, Range 22 East lying East of the CSX Railroad right of way;

AND:

The Northeast $\frac{1}{4}$; the North $\frac{1}{4}$ of the East $\frac{1}{2}$ of the Southeast $\frac{1}{4}$; the East 6 chains of the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$, LESS the East 14 feet of the South 210 feet thereof; and the East 60 feet of the West 264 feet of the North 105 feet of the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 36, Township 14 South, Range 22 East;

LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35, and being described in Official Records Book 436, page 378 of the Public Records of Marion County);

ALSO LESS and EXCEPT that part lying within the right of way of NE 55th Avenue Road (also known as Baseline Road Extension and County Road 35, and being described in Official Records Book 646, page 249 of the Public Records of Marion County);

ALSO LESS and EXCEPT that part lying within the right of way of NE 35th Street (also known as Joy Avenue, and being described in Official Records Book 1523, page 1462 of the Public Records of Marion County);

ALSO LESS and EXCEPT that part lying within the Seminole Electric transmission line right of way of described as "Parcel No. MA-48" in the Order of Taking recorded in Official Records Book 1055, page 814 of the Public Records of Marion County;

AND:

That part of the Southwest $\frac{1}{4}$ of Section 7, Township 14 South, Range 23 East lying South and West of NE 87th Street Road (also known as Anthony-Burbank Road, and being described in Official Records Book 69, page 314 of the Public Records of Marion County);

LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35, and being

EXHIBIT "A"

described in Official Records Book 1262, page 1931 of the Public Records of Marion County);

AND:

That part of Section 18, Township 14 South, Range 23 East lying South of NE 90th Street Road (also known as Anthony-Burbank Road, as shown on the Maintained Right of Way Map for Project Number FY 97/98-44,900C, dated 02-18-1999 prepared by the Marion County Engineering Department);

LESS and EXCEPT the North $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of said Section 18;

ALSO LESS and EXCEPT a parcel of land described as:
Commence at the Southeast corner of said Section 18, thence West, 380 feet; thence in a Northeasterly direction to a point on the East boundary of said Section 18 that is 1140 feet North of the Southeast corner; thence South, 1140 feet to the POINT OF BEGINNING;

ALSO LESS and EXCEPT a parcel being an unrecorded Burial Ground with the POINT OF BEGINNING and Southwest corner of said parcel bearing N 61° 44' 47" E, 2627.44 feet from the Southwest corner of said Section 18; thence N 01° 28' 13" E, 199.86 feet to a point; thence N 85° 38' 01" E, 77.48 feet to a point; thence S 00° 21' 31" W, 204.24 feet to a point, thence S 88° 58' 15" W, 81.12 feet to the POINT OF BEGINNING;

ALSO LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35, and being described in Official Records Book 1262, page 1931 of the Public Records of Marion County);

AND:

The North $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 19, Township 14 South, Range 23 East, EXCEPT the West 30 feet thereof for road right of way.

Exhibit "B"

ADDENDUM
BENEFICIAL INTEREST AND DISCLOSURE AFFIDAVIT
(CORPORATION/PARTNERSHIP)

Before me, the undersigned authority, personally appeared ("affiant"), this 18~~th~~ day of October, 2006, who, first being duly sworn, deposes and says:

1) That affiant is the ^{Executive} Vice President of AVATAR PROPERTIES INC., a Florida corporation, as "Seller", whose address is 201 Alhambra Circle, 12th Floor, Coral Gables, Florida 33134-5102, and in such capacity has personal knowledge of the matters set forth herein and has been duly authorized by Seller to make this affidavit on Seller's behalf. As required by Section 286.23, Florida Statutes, and subject to the penalties prescribed for perjury, the following is a list of every "person" (as defined in Section 1.01(3), Florida Statutes) holding 5% or more of the beneficial interest in the disclosing entity: (if more space is needed, attach separate sheet)

<u>Name</u>	<u>Address</u>	<u>Interest</u>
-------------	----------------	-----------------

See attached sheet.

2) That to the best of the affiant's knowledge, all persons who have a financial interest in this real estate transaction or who have received or will receive real estate commissions, attorney's or consultant's fees or any other fees or other benefits incident to the sale of the Property are: (if non-applicable, please indicate "None" or "Non-Applicable")

<u>Name</u>	<u>Address</u>	<u>Reason for Payment</u>
		<u>Amount</u>

See attached sheet.

3) That, to the best of the affiant's knowledge, the following is a true history of all financial transactions (including any existing option or purchase agreement in favor of affiant) concerning the Property which have taken place or will take place during the last five years prior to the conveyance of title to the State of Florida: (if non-applicable, please indicate "None" or "Non-Applicable")

<u>Name and Address of Parties Involved</u>	<u>Date</u>	<u>Type of Transaction</u>	<u>Amount of Transaction</u>
---	-------------	----------------------------	------------------------------

See attached sheet.

This affidavit is given in compliance with the provisions of Sections 286.23, 375.031(1), and 380.08(2), Florida Statutes.

AND FURTHER AFFIANT SAYETH NOT.

AFFIANT

Dennis J. Getman

Dennis J. Getman

STATE OF FLORIDA)

COUNTY OF Miami-Dade

SWORN TO and subscribed before me this 18th day of October, 2006, by Dennis J. Getman. Such person(s) (Notary Public must check applicable box):

- is/are personally known to me.
- produced a current driver license(s).
- produced _____ as identification.

(NOTARY PUBLIC SEAL)



CHILDA V. NODARSE
MY COMMISSION # DD 256925
EXPIRES: October 8, 2007
Bonded thru Budget Notary Services

Notary Public
Childa V. Nodarse

(Printed, Typed or Stamped Name of Notary Public)
Commission

No.: DD 256925

Expires: 10 | 8 | 07

My _____ Commission

Exhibit "B"

- 1) Avatar Properties Inc. is a wholly owned subsidiary of Avatar Holdings Inc., a Delaware corporation with office at 201 Alhambra Circle, 12th Floor, Coral Gables, Florida 33134.

Avatar Holdings Inc. common shares are traded on The NASDAQ Stock Market under the symbol AVTR. Attached hereto and incorporated by reference herein, is a copy of the latest Annual Report, 10-K, Proxy Statement for Avatar Holdings Inc. The attached documents provide details concerning the above requested information.

- 2) Name:

Conservation Real Estate Group
2507 Callaway Road, Suite 201
Tallahassee, Florida 32303

Reason of Payment:
Broker Commission

Amount:
2% of purchase price.

Name:

Hunton & Williams
One Biscayne Tower, Suite 2500
2 South Biscayne Blvd.
Miami, Florida 33131

Reason of Payment:
Attorneys Fees

Amount:
\$10,000.00 ±

Name:

Ayers, Cluster Curry McCall Collins & Fuller P. A.
21 Northeast First Avenue
Ocala, Florida 34470

Reason of Payment:
Attorneys Fees

Amount:
\$15,000.00 ±

Name:

Dennis J. Getman
201 Alhambra Circle, 12th Floor
Coral Gables, Florida 33134

Reason of Payment:

Bonus in accord with Employment Agreement.

Amount:

\$1,200,000.00 ±

Name:

Gulbir Ghuman
10983 SW 89TH Avenue
Ocala, Florida 34481

Reason of Payment:

Payment as joint venture partner.

Amount:

Undetermined at this time.

- 3) Avatar Properties Inc. has owned the vast amount of the property being acquired since the early 1960's. In the last five (5) year, Avatar Properties Inc. has acquired a few lots (less than 10 acres) in the area and all of the transactions are of public record in Marion County, Florida.

FIRST AMENDMENT TO THE OPTION AGREEMENT

THIS FIRST AMENDMENT TO THE OPTION AGREEMENT by and between **AVATAR PROPERTIES INC.**, a Florida corporation, whose address is 201 Alhambra Circle, 12th Floor, Coral Gables, Florida 33134-5102 as "Seller", and **THE NATURE CONSERVANCY**, a District of Columbia nonprofit corporation, whose address is 222 South Westmonte Drive, Suite 300, Altamonte Springs, Florida 32714, and its successors and assigns, as "Buyer."

WITNESSETH:

WHEREAS, the parties hereto entered into that certain Option Agreement dated October 20, 2006 (the "Agreement"), in connection with certain property situate in Marion County, Florida, which property is described in Exhibit "A" attached to the Agreement; and


WHEREAS, the parties desire to amend the Agreement to provide for the assignment of certain development rights, entitlements and permits to the Buyer at closing.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Paragraph 13 is hereby deleted and replaced with the following paragraph:

13. **"Hazardous Materials Audit(s) and Remediation.** Anytime before the expiration of the Term, Buyer shall obtain a report of an investigation of the Property carried out and prepared by a licensed engineer or geologist selected by Buyer employing procedures that a prudent Buyer would employ under the circumstances ("Phase I Audit"). A copy of the final report for the Phase I Audit will be delivered by Buyer to Seller. In the event that the Phase I Audit final report states that it is likely that there are Recognized Environmental Conditions, which would include Hazardous Materials, present on or beneath the surface of the Property, or that further investigations are necessary to determine whether Recognized Environmental Conditions are present ("Unsatisfactory Report"), Buyer may elect to terminate this Agreement by giving notice as required herein, in which event Seller agrees to return to Buyer the Option Money paid, and to reimburse Buyer for the actual cost for all appraisals, surveys and inspections of any kind Buyer has incurred in connection with preparing to exercise its Option or to close its purchase of the Property, and thereafter the parties shall have no further obligations under the Agreement.

Should Buyer elect not to terminate this Agreement, Seller shall, at Seller's sole cost and expense, and prior to the exercise of the option and closing, promptly commence and diligently pursue any assessment, clean up and monitoring of the Property necessary, as to Hazardous Materials, to bring the Property into full compliance with Environmental Law. "Environmental Law" shall mean all federal, state and local laws, including statutes, regulations, ordinances, codes, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to the protection of the environment or human health, welfare or safety, or to the emission, discharge, seepage, release or threatened release of any contaminant, solid waste, hazardous waste, pollutant, irritant, petroleum product, waste product, radioactive material, flammable or corrosive substance, carcinogen, explosive, polychlorinated biphenyl, asbestos, hazardous or toxic substance, material or waste of any kind into the environment, including, without limitation, ambient air, surface water, ground water, or land



including, but not limited to, the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource and Conservation and Recovery Act of 1976, the Hazardous and Solid Waste Amendments of 1984, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Superfund Amendments and Reauthorization Act of 1986, Chapters 161, 253, 373, 376 and 403, Florida Statutes, Rules of the U.S. Environmental Protection Agency, Rules of the Florida Department of Environmental Protection, and the rules of the Florida water management districts now or at any time hereafter in effect. However, should the estimated cost to Seller of clean up of Hazardous Materials exceed a sum which is equal to 2% of the Purchase Price as stated in Section 5a., Seller may elect to terminate this Agreement and neither party shall have any further obligations under this Agreement. If Hazardous Materials are discovered after closing, Seller shall remain obligated hereunder, with such obligation to survive the closing, delivery, and recording of the deed described in paragraph 9. of this Agreement and Buyer's possession of the Property, to diligently pursue and accomplish the clean up of Hazardous Materials placed on the Property during Seller's ownership of the Property in a manner consistent with all applicable Environmental Laws and at Seller's sole cost and expense.

Notwithstanding the foregoing obligation to investigate and remediate, Buyer may elect to change the description of the Property to be conveyed, so as to not acquire any part of the Property that contains any Hazardous Materials plus a reasonable buffer zone. If Buyer elects to not acquire any part of the property, as described in this subsection, the Purchase Price shall be adjusted to reflect the portion of the Property removed from the transaction. However, such part of the Property shall not exceed two hundred (200) acres.

Further, if neither party elects to terminate this Agreement as provided above, Seller hereby indemnifies and saves harmless and defends Buyer, its officers, servants, agents, employees, and assignees (including the Trustees and its officers, servants, agents and employees) for a period not to exceed eighteen months from the date of closing, from and against any and all claims, suits, actions, damages, liabilities, expenditures or causes of action of whatsoever kind arising from Hazardous Materials placed on the Property during Seller's ownership of the Property whether the Hazardous Materials are discovered prior to or after closing. Seller shall defend, for a period not to exceed eighteen months from the date of closing, at Seller's sole cost and expense, any legal action, claim or proceeding instituted by any person against Buyer and/or the Trustees, and their officers, servants, agents and employees, as a result of any claim, suit, or cause of action for injuries to body, life, limb or property for which Hazardous Materials placed on the Property during Seller's ownership of the Property are alleged to be a contributing legal cause. Seller shall save Buyer harmless, for a period not to exceed eighteen months from the date of closing, from and against all judgments, orders, decrees, attorney's fees, costs, expenses and liabilities in and about any such claim, suit, investigation or defense thereof, which may be entered, incurred or assessed as a result of the foregoing. Notwithstanding the above, it is agreed that Seller's economic exposure shall not exceed 2% of the Purchase Price. At the Phase I closing Avatar shall execute and deliver to Trustees an environmental affidavit indemnifying the Trustees as provided in this paragraph.

The limitation herein on Seller's contractual obligation to indemnify Buyer as specified in this paragraph, shall not be construed to limit Seller's legal liability under any Environmental Law for Hazardous Materials located on the Property or to limit Buyer's legal and equitable remedies against Seller under any Environmental Law for Hazardous Materials located on the Property."

2. The following Paragraph 41. is hereby added to the Agreement:

"41). Assignment of Development Rights, Entitlements and Permits. At Closing, Seller

shall execute an Assignment of Development Rights, Entitlements and Permits, in a form acceptable to Buyer that shall sell, assign, transfer and convey to the Buyer all right, title and interest of Seller on the date hereof in and to all vested and non vested development rights, entitlements, permits, and utility licenses related to the Property, including but not limited to the following: (i) Letter of Vested Rights (LIVR-574-138) issued by the Department of Community Affairs ("DCA") on April 29, 1974; (ii) Letter of Interpretation for Modification to a Development of Regional Impact with Vested Rights (BLIM-585-0003) issued by DCA on June 21, 1985; (iii) letter clarifying BLIM-585-003 issued by DCA on July 25, 1985; (iv) Binding Letter of Interpretation for the Development of Regional Impact Status (BLID-585-039) issued by DCA on August 30, 1985; and (v) a letter dated May 10, 2006 from DCA to Jackson E. Sullivan regarding Ocala Springs; File NO, BLIM-05-2006-0004; Cross Reference BLIVR 574-138, BLIM 585-003, and BLID 585-039."

3. The following paragraph 42 is hereby added to the Agreement.

"42. Termination of Utility Rates and Tariffs. Within thirty (30) days of the Closing, Seller shall cause Ocala Springs Utilities Inc. ("OSUI") to file with the Florida Public Service Commission the appropriate documents to terminate the existing utility rates and tariffs applicable to the Property. The Seller, through OSUI, shall diligently pursue such termination. In addition, Seller and OSUI shall agree that they shall not levy any rates and tariffs against the Property after the Closing. All costs pertaining to the termination of the utility rates and tariffs and the other requirements of this paragraph shall be paid solely by the Seller."

All other terms of the Agreement remain unchanged and in full force and effect and are hereby ratified and confirmed as of this Amendment date.

IN WITNESS WHEREOF, the parties have hereunto set their hands and affixed their seals as of the day and year first above written.

SELLER

AVATAR PROPERTIES INC.
a Florida corporation

By: Dennis J. Getman

Name: Dennis J. Getman, Executive Vice
President

Date: November 10, 2006

(CORPORATE SEAL)

BUYER

THE NATURE CONSERVANCY,
a nonprofit District of Columbia corporation

BY: _____

Name: Victoria Tschinkel, State Director

Date: _____

(CORPORATE SEAL)

Signed, sealed and delivered
In the presence of:

Childa Neadar
Witness Childa Neadar
[Signature]
President
Witness

Signed, sealed and delivered
In the presence of:

Witness

Witness

Approved as to Form and Legality

By: _____

Date: _____

Exhibit "C"

ADDENDUM
(CORPORATE/NON-FLORIDA)

A. At the same time that Seller submits the closing documents required by paragraph 9. of this Agreement, Seller shall also submit the following to **THE NATURE CONSERVANCY**:

1. Corporate resolution that authorizes the sale of the Property to Buyer in accordance with the provisions of this Agreement and a certificate of incumbency,
2. Certificates of good standing from the Secretary of State of the State of Florida, and
3. Copy of proposed opinion of counsel as required by paragraph B. below.

B. As a material inducement to Buyer entering into this Agreement and to consummate the transaction contemplated herein, Seller covenants, represents and warrants to Buyer as follows:

1. The execution of this Agreement and the performance by Seller of the various terms and conditions hereof, including, without limitation, the execution of all agreements, notices and other documents hereunder, have been duly authorized by the requisite corporate authority of Seller.
2. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida.
3. This Agreement, when executed and delivered, will be valid and legally binding upon Seller and enforceable in accordance with its terms and neither the execution of this Agreement and the other instruments to be executed hereunder by Seller, nor the performance by Seller of the various terms and conditions hereto will violate the Articles of Incorporation or By-Laws of Seller, nor will they constitute a breach or default under any agreement, indenture or other instrument to which Seller is a party or by which Seller is bound.

At the closing, Seller shall deliver to Buyer an opinion of counsel from an attorney licensed to practice law in the State of Florida and an active member in good standing with the Florida Bar, to the effect that the covenants, representations and warranties contained above in this paragraph B. are true and correct as of the closing date. In rendering the foregoing opinion, such counsel may rely as to factual matters upon such other documents as counsel may deem necessary and advisable.

#0000 1.000

ADDENDUM
(CORPORATE/NON-FLORIDA)

SELLER

AVATAR PROPERTIES, INC.
a Florida corporation

By: *Dennis J. German*
Dennis J. German
Its: Executive Vice President

(Corporate Seal)

October 18, 2006
Date signed by Seller

BUYER

THE NATURE CONSERVANCY, a nonprofit
District of Columbia corporation

By: *Victoria J. Tschinkel*
Victoria J. Tschinkel
Its: State Director

(Corporate Seal)

10/20/06
Date signed by Buyer



Disclosure Form

It is the policy of The Nature Conservancy ("TNC") to identify real or perceived conflicts of interest involving any party with whom TNC is entering into a transaction. To assist TNC in complying with this policy, we request that all individuals and/or "entities" (other than TNC) that will be involved in this transaction complete this form.

I. TRANSACTION INFORMATION *(to be completed by TNC staff)*

A. Real Estate Transactions

Site (Tract): Florida First

Magnitude Springs

Check one:

TNC acquisition: X

TNC sale:

Check one:

Fee interest: X

Conservation easement:

Other (describe):

Acreage: 4,471

Marion County, Florida

Location (Country, state/province, county/other local unit):

B. Non-Real Estate Transactions (non-real estate contracts, grants to other non-profits, and other transactions)

Describe:

None

II. NAMES OF PARTIES TO THE TRANSACTION: *Please identify all individuals and/or entities (other than TNC) that will be involved in this transaction. An "entity" includes a corporation, partnership, trust, estate, joint venture, unincorporated affiliation, or public board, commission, or not-for-profit organization.*

Avatar Properties Inc., a Florida corporation, with offices at 201 Alhambra Circle, 12th Floor, Coral Gables, Florida 33134.

INDIVIDUALS ANSWER SECTIONS III AND V; ENTITIES ANSWER SECTIONS IV AND V.

DS

III. QUESTIONS FOR EACH INDIVIDUAL IDENTIFIED IN SECTION II:

Are you: (please attach an explanation for any "Yes" answers)	Yes	No
A. a TNC employee (now or during the last 12 months)		X
B. a member of TNC's Board of Directors (now or during the last 12 months)		X
C. a TNC Chapter Trustee/Advisor (now or during the last 12 months)		X
D. a Major Donor of TNC- A "major donor" is an individual or organization that has made a gift or pledge of US\$100,000 or more at any one time or cumulatively within the last 5 years in cash, appreciated securities or other assets, or in land, easement, or bargain-sale value		X
E. an other insider of TNC- "Other insiders" of TNC include individuals such as former members of TNC's Board of Directors, former Chapter Trustees, members of TNC advisory boards or committees, members of TNC's President's Conservation Council, volunteers or former employees of TNC who, by virtue of their <u>current</u> involvement or their involvement within the past 12 months with TNC either have access to "inside information" that could place them within a conflict situation or could give the appearance of such persons having the ability to unduly influence TNC. Depending on circumstances, an independent contractor, grantee, other outside party or their employees may be an "other insider" if that person or entity has access to "inside information." "Inside information" consists of any material information that is identified as confidential and proprietary and pertains to the business and affairs of TNC, whether related to a specific transaction or to matters relating to TNC's interests, activities and policies.		X
F. to your knowledge, a close relative of any individual described in A-E, above- A "close relative of an individual" includes (a) his or her spouse, in-laws (father, mother, brother, sister, son and daughter in-laws), natural or adopted children, parents and/or step-parents, grandchildren, grandparents, brothers and sisters; (b) any person who shares living quarters with the individual under circumstances that closely resemble a marital relationship; and (c) any person who is financially dependent upon the individual?		X

IV. QUESTIONS FOR EACH ENTITY IDENTIFIED IN SECTION II:

Please attach an explanation for any "Yes" answers:	Yes	No
A. Is the entity a TNC "major donor" or "other insider"? (as those terms are defined in III D & E, above.)		X
B. To your knowledge, does any current or former TNC employee, current or former TNC Board member, current or former (for these purposes, former means within the last 12 months) Chapter Trustee/Advisor, "major donor", "other insider" of TNC, or any "close relative" of any of the foregoing:		X
1. Own directly or indirectly more than 5% of the equity or any voting security in the entity?		X
2. Serve as a director, executive officer, executor, administrator, trustee, beneficiary, controlling partner, or otherwise serve in a fiduciary capacity or hold a substantial beneficial interest in the entity?		X
3. Have legal or de facto power to control the election of a majority of directors of the organization or to control the management or policies of the entity?		X

RS

V. QUESTION FOR EACH INDIVIDUAL AND/OR ENTITY IDENTIFIED IN SECTION II:

<i>Please attach an explanation for a "Yes" answer.</i>	Yes	No
To your knowledge, do you, or does the entity, own or control a "related organization" that is also a "major donor" or an "other insider" of TNC (as those terms are defined in III D & E, above)?		X
<p>For purposes of this question, an organization is a "related organization" if any individual or entity identified in Section II:</p> <ul style="list-style-type: none"> • Owns directly or indirectly more than 5% of the equity or any voting security in the organization, or ▪ Serves as an officer, director, or partner, or otherwise has the ability to control management and policies of the organization. 		

Signatures of all the individuals and/or signatures on behalf of all entities identified in Section II:

_____ October 13, 2006
 Name of individual Date

Entity name: AVATAR PROPERTIES INC	
Signed by: <i>Dennis J. Getman</i>	Date <i>October 18, 2006</i>

DENNIS J. GETMAN
 Executive Vice President

FIRST AMENDMENT TO THE OPTION AGREEMENT

THIS FIRST AMENDMENT TO THE OPTION AGREEMENT by and between **AVATAR PROPERTIES INC.**, a Florida corporation, whose address is 201 Alhambra Circle, 12th Floor, Coral Gables, Florida 33134-5102 as "Seller", and **THE NATURE CONSERVANCY**, a District of Columbia nonprofit corporation, whose address is 222 South Westmonte Drive, Suite 300, Altamonte Springs, Florida 32714, and its successors and assigns, as "Buyer."

WITNESSETH:

WHEREAS, the parties hereto entered into that certain Option Agreement dated October 20, 2006 (the "Agreement"), in connection with certain property situate in Marion County, Florida, which property is described in Exhibit "A" attached to the Agreement; and

WHEREAS, the parties desire to amend the Agreement to provide for the assignment of certain development rights, entitlements and permits to the Buyer at closing.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Paragraph 13 is hereby deleted and replaced with the following paragraph:

13. "Hazardous Materials Audit(s) and Remediation. Anytime before the expiration of the Term, Buyer shall obtain a report of an investigation of the Property carried out and prepared by a licensed engineer or geologist selected by Buyer employing procedures that a prudent Buyer would employ under the circumstances ("Phase I Audit"). A copy of the final report for the Phase I Audit will be delivered by Buyer to Seller. In the event that the Phase I Audit final report states that it is likely that there are Recognized Environmental Conditions, which would include Hazardous Materials, present on or beneath the surface of the Property, or that further investigations are necessary to determine whether Recognized Environmental Conditions are present ("Unsatisfactory Report"), Buyer may elect to terminate this Agreement by giving notice as required herein, in which event Seller agrees to return to Buyer the Option Money paid, and to reimburse Buyer for the actual cost for all appraisals, surveys and inspections of any kind Buyer has incurred in connection with preparing to exercise its Option or to close its purchase of the Property, and thereafter the parties shall have no further obligations under the Agreement.

Should Buyer elect not to terminate this Agreement, Seller shall, at Seller's sole cost and expense, and prior to the exercise of the option and closing, promptly commence and diligently pursue any assessment, clean up and monitoring of the Property necessary, as to Hazardous Materials, to bring the Property into full compliance with Environmental Law. "Environmental Law" shall mean all federal, state and local laws, including statutes, regulations, ordinances, codes, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to the protection of the environment or human health, welfare or safety, or to the emission, discharge, seepage, release or threatened release of any contaminant, solid waste, hazardous waste, pollutant, irritant, petroleum product, waste product, radioactive material, flammable or corrosive substance, carcinogen, explosive, polychlorinated biphenyl, asbestos, hazardous or toxic substance, material or waste of any kind into the environment, including, without limitation, ambient air, surface water, ground water, or land

including, but not limited to, the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource and Conservation and Recovery Act of 1976, the Hazardous and Solid Waste Amendments of 1984, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Superfund Amendments and Reauthorization Act of 1986, Chapters 161, 253, 373, 376 and 403, Florida Statutes, Rules of the U.S. Environmental Protection Agency, Rules of the Florida Department of Environmental Protection, and the rules of the Florida water management districts now or at any time hereafter in effect. However, should the estimated cost to Seller of clean up of Hazardous Materials exceed a sum which is equal to 2% of the Purchase Price as stated in Section 5a., Seller may elect to terminate this Agreement and neither party shall have any further obligations under this Agreement. If Hazardous Materials are discovered after closing, Seller shall remain obligated hereunder, with such obligation to survive the closing, delivery, and recording of the deed described in paragraph 9. of this Agreement and Buyer's possession of the Property, to diligently pursue and accomplish the clean up of Hazardous Materials placed on the Property during Seller's ownership of the Property in a manner consistent with all applicable Environmental Laws and at Seller's sole cost and expense.

Notwithstanding the foregoing obligation to investigate and remediate, Buyer may elect to change the description of the Property to be conveyed, so as to not acquire any part of the Property that contains any Hazardous Materials plus a reasonable buffer zone. If Buyer elects to not acquire any part of the property, as described in this subsection, the Purchase Price shall be adjusted to reflect the portion of the Property removed from the transaction. However, such part of the Property shall not exceed two hundred (200) acres.

Further, if neither party elects to terminate this Agreement as provided above, Seller hereby indemnifies and saves harmless and defends Buyer, its officers, servants, agents, employees, and assignees (including the Trustees and its officers, servants, agents and employees) for a period not to exceed eighteen months from the date of closing, from and against any and all claims, suits, actions, damages, liabilities, expenditures or causes of action of whatsoever kind arising from Hazardous Materials placed on the Property during Seller's ownership of the Property whether the Hazardous Materials are discovered prior to or after closing. Seller shall defend, for a period not to exceed eighteen months from the date of closing, at Seller's sole cost and expense, any legal action, claim or proceeding instituted by any person against Buyer and/or the Trustees, and their officers, servants, agents and employees, as a result of any claim, suit, or cause of action for injuries to body, life, limb or property for which Hazardous Materials placed on the Property during Seller's ownership of the Property are alleged to be a contributing legal cause. Seller shall save Buyer harmless, for a period not to exceed eighteen months from the date of closing, from and against all judgments, orders, decrees, attorney's fees, costs, expenses and liabilities in and about any such claim, suit, investigation or defense thereof, which may be entered, incurred or assessed as a result of the foregoing. Notwithstanding the above, it is agreed that Seller's economic exposure shall not exceed 2% of the Purchase Price. At the Phase I closing Avatar shall execute and deliver to Trustees an environmental affidavit indemnifying the Trustees as provided in this paragraph.

The limitation herein on Seller's contractual obligation to indemnify Buyer as specified in this paragraph, shall not be construed to limit Seller's legal liability under any Environmental Law for Hazardous Materials located on the Property or to limit Buyer's legal and equitable remedies against Seller under any Environmental Law for Hazardous Materials located on the Property."

2. The following Paragraph 41 is hereby added to the Agreement:

"41. Assignment of Development Rights, Entitlements and Permits. At Closing, Seller

shall execute an Assignment of Development Rights, Entitlements and Permits, in a form acceptable to Buyer that shall sell, assign, transfer and convey to the Buyer all right, title and interest of Seller on the date hereof in and to all vested and non vested development rights, entitlements, permits, and utility licenses related to the Property, including but not limited to the following: (i) Letter of Vested Rights (LIVR-574-138) issued by the Department of Community Affairs ("DCA") on April 29, 1974; (ii) Letter of Interpretation for Modification to a Development of Regional Impact with Vested Rights (BLIM-585-0003) issued by DCA on June 21, 1985; (iii) letter clarifying BLIM-585-003 issued by DCA on July 25, 1985; (iv) Binding Letter of Interpretation for the Development of Regional Impact Status (BLID-585-039) issued by DCA on August 30, 1985; and (v) a letter dated May 10, 2006 from DCA to Jackson E. Sullivan regarding Ocala Springs; File NO. BLIM-05-2006-0004; Cross Reference BLIVR 574-138, BLIM 585-003, and BLID 585-039."

3. The following paragraph 42 is hereby added to the Agreement.

"42. Termination of Utility Rates and Tariffs. Within thirty (30) days of the Closing, Seller shall cause Ocala Springs Utilities Inc. ("OSUI") to file with the Florida Public Service Commission the appropriate documents to terminate the existing utility rates and tariffs applicable to the Property. The Seller, through OSUI, shall diligently pursue such termination. In addition, Seller and OSUI shall agree that they shall not levy any rates and tariffs against the Property after the Closing. All costs pertaining to the termination of the utility rates and tariffs and the other requirements of this paragraph shall be paid solely by the Seller."

All other terms of the Agreement remain unchanged and in full force and effect and are hereby ratified and confirmed as of this Amendment date.

IN WITNESS WHEREOF, the parties have hereunto set their hands and affixed their seals as of the day and year first above written.

SELLER

AVATAR PROPERTIES INC.
a Florida corporation

By: Dennis J. Getman

Name: Dennis J. Getman, Executive Vice
President

Date: November 10, 2006

(CORPORATE SEAL)

BUYER

THE NATURE CONSERVANCY,
a nonprofit District of Columbia corporation

BY: Victoria Tschinkel

Name: Victoria Tschinkel, State Director

Date: November 14, 2006

(CORPORATE SEAL)

Signed, sealed and delivered
In the presence of:

Childea Nadarse
Witness Childea Nadarse
[Signature]
President
Witness

Signed, sealed and delivered
In the presence of:

[Signature]
Witness
Petra C. Rayson
Witness

Approved as to Form and Legality

By: _____

Date: _____

SECOND AMENDMENT TO THE OPTION AGREEMENT

THIS SECOND AMENDMENT TO THE OPTION AGREEMENT by and between **AVATAR PROPERTIES INC.**, a Florida corporation, whose address is 201 Alhambra Circle, 12th Floor, Coral Gables, Florida 33134-5102 as "Seller", and **THE NATURE CONSERVANCY**, a District of Columbia nonprofit corporation, whose address is 222 South Westmonte Drive, Suite 300, Altamonte Springs, Florida 32714, and its successors and assigns, as "Buyer."

WITNESSETH:

WHEREAS, the parties hereto entered into that certain Option Agreement dated October 20, 2006 (the "Agreement"), as amended by that certain First Amendment to the Option Agreement dated November 13, 2006, in connection with certain property situate in Marion County, Florida, which property is described in Exhibit "A" attached to the Agreement; and

WHEREAS, the parties desire to amend the Agreement to provide for the cancellation or revocation of any utility certificates, including Certificate Number 604-W for water service and Certificate Number 520-S for wastewater service issued by the Florida Public Service Commission, after closing.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Paragraph 42 is hereby deleted and replaced with the following paragraph:

"42. Termination of Utility Rates and Tariffs. Within ten (10) days of the Closing, Seller shall cause Ocala Springs Utilities Inc. ("OSUI"), which Seller warrants and represents is an entity controlled by Seller, to file with the Florida Public Service Commission the appropriate documents to terminate, cancel or revoke the existing utility certificates for OSUI or the Property, including but not limited to Certificate Number 604-W for water service and Certificate Number 520-S for wastewater service issued by the Florida Public Service Commission (collectively, the "Certificates"). The Seller, through OSUI, shall diligently pursue such termination, cancellation or revocation at Seller's sole cost and expense. Seller further agrees that neither it nor OSUI shall exercise any rights it may have under the Certificates, including but not limited to construction and installation of structures or other facilities relating to providing water or wastewater services. Seller hereby further agrees to indemnify and save harmless and defend Buyer, its officers, servants, agents and employees, its successors and assigns, from and against any and all claims, rates, tariffs, suits, actions, impacts to the Property, damages, liabilities, expenditures or causes of action of whatsoever kind arising from or related to the Certificates.

To secure Seller's obligation to obtain the termination of the Certificates as set forth above, the parties agree to place ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00) of the purchase price for the Property (the "Escrowed Funds") into escrow at closing upon terms and conditions set forth in an Escrow Agreement, the form of which shall be agreed upon by the parties prior to the Option Expiration Date.

The rights and remedies of Buyer under the provisions of this paragraph 42 shall inure to and be enforceable by the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida."



All other terms of the Agreement remain unchanged and in full force and effect and are hereby ratified and confirmed as of this Amendment date.

IN WITNESS WHEREOF, the parties have hereunto set their hands and affixed their seals as of the day and year first above written.

SELLER

Signed, sealed and delivered
In the presence of:

[Signature]
Witness
[Signature]
Witness

AVATAR PROPERTIES INC.
a Florida corporation

By: [Signature]

Name: Dennis J. Getman, Executive Vice
President

Date: November 14, 2006

(CORPORATE SEAL)

BUYER

Signed, sealed and delivered
In the presence of:

[Signature]
Witness
Petra Rayston
Witness

THE NATURE CONSERVANCY,
a nonprofit District of Columbia corporation

BY: [Signature]

Name: Victoria Tschinkel, State Director

Date: November 14, 2006

(CORPORATE SEAL)

Approved as to Form and Legality

By: _____

Date: _____

Project: Florida's First Magnitude Springs
Parcel: Avatar Properties, Inc./The Nature Conservancy

AGREEMENT FOR SALE AND PURCHASE

THIS AGREEMENT is made this ____ day of _____, 2006, between THE NATURE CONSERVANCY, a non-profit District of Columbia corporation, whose address is 222 South Westmont Drive, Suite 300, Altamonte Springs, Florida 32714, as "Seller", and the BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND OF THE STATE OF FLORIDA ("Trustees"), whose address is 3900 Commonwealth Boulevard, Mail Station 115, Tallahassee, Florida 32399-3000, and MARION COUNTY, FLORIDA ("County"), whose address is 601 SE 25th Avenue, Ocala, Florida 34471-9109. Trustees and County are collectively referred to herein as "Purchaser". Purchaser's agent in all matters shall be the Division of State Lands of the Florida Department of Environmental Protection ("DSL"). In consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. AGREEMENT TO SELL. Seller hereby agrees to sell to Purchaser and Purchaser hereby agrees to purchase from the Seller in accordance with the provisions of this Agreement certain real property located in Marion County, Florida, described in Exhibit "A" (the "Phase I Property") and Exhibit "B" (the "Phase II Property"), together with all timber, transferable development rights, improvements, easements, appurtenances, hereditaments, and riparian and littoral rights, if any (collectively the "Property"). Seller and Purchaser hereby agree that the Property shall be conveyed in two phases (each phase is herein referred to as "Phase", "Phase I" or "Phase II") as provided in this Agreement. The parties acknowledge that on the Effective Date of this Agreement Seller has only a beneficial interest in the Property by virtue of that certain option agreement dated October 20, 2006 ("Option Agreement"), by and between Seller and Avatar Properties, Inc., a Florida corporation ("Avatar"). Seller's obligation to convey any of the Property acquired by Seller to Purchaser and liability arising under any covenant, representation, warranty or indemnity under the provisions of this Agreement shall not arise until Seller acquires the Property. Seller has no liability or obligation under this Agreement in the event that its acquisition of the Property does not occur under the terms of its agreement with Avatar.

County agrees that the Trustees shall take fee simple title to the Property at the closings notwithstanding that County is required to pay a portion of the Purchase Price. Seller shall convey its entire fee simple interest in the Property to the Trustees, as aforesaid, at closing in accordance with the provisions of this Agreement.

2. Purposely Omitted.

3.A. BASE PURCHASE PRICE. The base purchase price for the Property shall be the amount of SEVENTY SIX MILLION TWO HUNDRED FORTY FIVE THOUSAND and no/100 DOLLARS (\$76,245,000.00) (the "Purchase Price"). The County shall pay Two Million and no/100 DOLLARS (\$2,000,000.00) of the Purchase Price ("County's Purchase Price"), and the Trustees shall pay the balance of the Purchase Price ("Trustees' Purchase Price"). The County's Purchase Price is the sole responsibility of County and the Trustees shall have no

obligation under this Agreement to provide any portion of the County's Purchase Price, and Seller shall have no recourse whatsoever, at law or equity, against the Trustees or Property relating to the County's Purchase Price, subject, however, to the provisions of paragraph 19 hereof. The Trustees' Purchase Price is the sole responsibility of Trustees and the County shall have no obligation under this Agreement to provide any portion of the Trustees' Purchase Price, and Seller shall have no recourse whatsoever, at law or equity, against the County or the Property relating to the Trustees' Purchase Price, subject, however, to the provisions of paragraph 19 hereof. The Purchase Price shall be payable as follows:

(1) PHASE I PURCHASE PRICE. The purchase price for the Phase I Property shall be \$45,245,000.00 ("Phase I Purchase Price"), which will be paid at the Phase I Closing Date, hereinafter defined. Seller hereby authorizes Purchaser to issue funds for the Phase I Purchase Price directly to an escrow agent who is authorized by law to receive such payments and who is acceptable to Purchaser, and to require the escrow agent to pay Seller's expenses of sale and real estate taxes. Two Million and no/100 Dollars (\$2,000,000.00) of the Phase I Purchase Price shall be paid by the County. The Trustees shall pay the balance of the Phase I Purchase Price. The Phase I Purchase Price is subject to adjustment in accordance with Paragraph 3.B(1). This Agreement is contingent upon approval of the Final Phase I Purchase Price, hereinafter defined, by Purchaser and upon confirmation that the Final Phase I Purchase Price is not in excess of the maximum value of the Phase I Property as determined in accordance with Section 259.041(7), Florida Statutes ("DSL Phase I Approved Value"). The determination of the DSL Phase I Approved Value and the Final Phase I Purchase Price can only be made after the completion and DSL's approval of the Survey required in Paragraph 6 for the Phase I Property.

(2) PHASE II PURCHASE PRICE. The purchase price for the Phase II Property shall be the sum of: (i) Seller's purchase price for the Phase II Property, (ii) Seller's direct expenses associated with Seller's acquisition of the Phase II Property recoverable pursuant to the terms of the Multi-Party Acquisition Agreement by and between Seller and Purchaser dated March 24, 2006, and all amendments thereto (the "MPAA"), (iii) Seller's holding costs as permitted by the MPAA beginning on the day Seller acquires fee title to the Phase II Property and ending on the day before the Seller conveys fee title to the Phase II Property to Purchaser, and (iv) Seller's overhead as determined pursuant to the MPAA, not to exceed \$100,000.00 (collectively the "Phase II Purchase Price"), which will be paid by Trustees at the Phase II Closing Date, hereinafter defined. Seller hereby authorizes Purchaser to issue funds for the Phase II Purchase Price directly to an escrow agent who is authorized by law to receive such payments and who is acceptable to Purchaser, and to require the escrow agent to pay Seller's expenses of sale and real estate taxes. The Phase II Purchase Price is subject to adjustment in accordance with Paragraph 3.B(2). This Agreement is contingent upon approval of the Final Phase II Purchase Price, hereinafter defined, by Purchaser and upon confirmation that the Final Phase II Purchase Price is not in excess of the maximum value of the Phase II Property as determined in accordance with Section 259.041(7), Florida Statutes ("DSL Phase II Approved Value"). The determination of the DSL Phase II Approved Value and the Final Phase II Purchase Price can only be made after the completion and DSL's approval of the survey required in Paragraph 6 for the Phase II Property.

In no event shall Purchaser be obligated to pay more than the maximum value of the Property as determined in accordance with Section 259.041(7), Florida Statutes.

3.B. ADJUSTMENT OF PURCHASE PRICE. (1) ADJUSTMENT OF PHASE I PURCHASE PRICE. If, prior to the Phase I Closing Date, DSL determines that the Phase I Purchase Price exceeds the DSL Approved Phase I Value, the Phase I Purchase Price will be reduced to the DSL Approved Phase I Value (herein the "Final Adjusted Phase I Purchase Price"). If the Final Adjusted Phase I Purchase Price is less than 100% of the Phase I Purchase Price because of the adjustment provided for in this paragraph, Seller shall have the right to terminate this Agreement. If Seller elects to terminate this Agreement, Seller shall provide written notice to DSL of Seller's election to terminate this Agreement within 10 days after Seller's receipt of written notice from DSL of the Final Adjusted Phase I Purchase Price. If Seller fails to give Purchaser written notice of termination within the aforesaid time period from receipt of DSL's written notice, then Seller shall be deemed to have waived any right to terminate this Agreement based upon a reduction in the Phase I Purchase Price.

(2) ADJUSTMENT OF PHASE II PURCHASE PRICE. If, prior to Phase II Closing Date, DSL determines that the Phase II Purchase Price exceeds the DSL Approved Phase II Value, the Phase II Purchase Price will be reduced to the DSL Approved Phase II Value (herein the "Final Adjusted Phase II Purchase Price"). If the Final Adjusted Phase II Purchase Price is less than 100% of the Phase II Purchase Price because of the adjustment provided for in this paragraph, Seller shall have the right to terminate this Agreement. If Seller elects to terminate this Agreement, Seller shall provide written notice to DSL of Seller's election to terminate this Agreement within 10 days after Seller's receipt of written notice from DSL of the Final Adjusted Phase II Purchase Price. If Seller fails to give Purchaser written notice of termination within the aforesaid time period from receipt of DSL's written notice, then Seller shall be deemed to have waived any right to terminate this Agreement based upon a reduction in the Phase II Purchase Price.

4. ENVIRONMENTAL SITE ASSESSMENT. Purchaser shall, at Trustees' sole cost and expense, conduct an environmental site assessment of the Property to determine the existence and extent, if any, of any Hazardous Materials on the Property. Prior to the closing date for each Phase, Purchaser, at Trustees' sole cost and expense, may obtain an update of the environmental site assessment for the subject Phase that meets the standards and requirements of DSL (the "Assessment Update"). If further investigations, testing, monitoring or environmental site assessments are required by DSL to determine the existence or extent of Hazardous Materials on the Property, Purchaser, at its sole option may elect to extend the closing date for the applicable Phase for up to 60 days to enable Seller to conduct such procedures. For purposes of this Agreement "Hazardous Materials" shall mean any hazardous or toxic substance, material or waste of any kind or any other substance which is regulated by any Environmental Law (as hereinafter defined in paragraph 5).

5. HAZARDOUS MATERIALS. If the environmental site assessment or the Assessment Update provided for in paragraph 4. confirms the presence of Hazardous Materials on the Property, either party, at its sole option, may elect to terminate this Agreement and neither party shall have any further obligations under this Agreement. Should neither party elect to terminate this Agreement, Seller shall, at Seller's sole cost and expense and prior to the respective closing, promptly commence and diligently pursue any assessment, clean up and monitoring of the Property necessary to bring the Property into full compliance with Environmental Law.

"Environmental Law" shall mean all federal, state and local laws, including statutes, regulations, ordinances, codes, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to the protection of the environment or human health, welfare or safety, or to the emission, discharge, seepage, release or threatened release of any contaminant, solid waste, hazardous waste, pollutant, irritant, petroleum product, waste product, radioactive material, flammable or corrosive substance, carcinogen, explosive, polychlorinated biphenyl, asbestos, hazardous or toxic substance, material or waste of any kind into the environment, including, without limitation, ambient air, surface water, ground water, or land including, but not limited to, the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource and Conservation and Recovery Act of 1976, the Hazardous and Solid Waste Amendments of 1984, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Superfund Amendments and Reauthorization Act of 1986, Chapters 161, 253, 373, 376 and 403, Florida Statutes, Rules of the U.S. Environmental Protection Agency, Rules of the Florida Department of Environmental Protection, and the rules of the Florida water management districts now or at any time hereafter in effect.

As provided in paragraph 10, at the Phase I closing, Seller shall cause Avatar to execute and deliver to Purchaser, on DSL forms provided by DSL: (i) a title, possession and lien affidavit certified to Purchaser and title insurer, and (ii) an environmental affidavit for the Property. Seller shall also use reasonable efforts to cause Avatar to (a) indemnify and save harmless and defend Trustees, its officers, servants, agents and employees, for a period not to exceed eighteen months from the date of closing, from and against any and all claims, suits, actions, damages, liabilities, expenditures or causes of action of whatsoever kind arising from Hazardous Materials placed on the Property during Avatar's ownership of the Property whether the Hazardous Materials are discovered prior to or after closing; (b) defend, for a period not to exceed eighteen months from the date of closing, at Avatar's sole cost and expense, any legal action, claim or proceeding instituted by any person against Trustees as a result of any claim, suit, or cause of action for injuries to body, life, limb or property for which Hazardous Materials placed on the Property during Avatar's ownership of the Property are alleged to be a contributing legal cause; and (c) save Trustees harmless, for a period not to exceed eighteen months from the date of closing, from and against all judgments, orders, decrees, attorney's fees, costs, expenses and liabilities in and about any such claim, suit, investigation or defense thereof, which may be entered, incurred or assessed as a result of the foregoing. Notwithstanding the above, it is agreed that Avatar's liability for contractual indemnity shall not exceed 2% of the Purchase Price. If Seller is unsuccessful in causing Avatar to provide the above-described indemnity, then at the applicable closing, Seller shall, to the extent not disallowed by the Option Agreement, assign any contractual right to indemnity received from Avatar to the Trustees.

6. SURVEY. Purchaser may have the Property surveyed at Trustees' expense. If the survey ("Survey"), certified by professional surveyor and mapper licensed by the State of Florida, shows any encroachment on the Property or that improvements intended to be located on the Property encroach on the land of others, the same shall be treated as a title defect. Prior to closing on the Phase II Property, Purchaser, at Trustees' sole cost and expense, may obtain an Updated Survey (the "Updated Survey"). If the Updated Survey shows any encroachment on the Phase II Property or that improvements intended to be located on the Phase II Property encroach on the land of others, the same shall be treated as a title defect.

6.1 COST REIMBURSEMENT TO SELLER. The parties understand that the Phase I closing will be conducted simultaneously with Seller's acquisition of the Property from Avatar. At closing Marion County shall reimburse Seller \$500,000.00 toward the payment of closing costs incurred by Seller in connection with its purchase of the Property from Avatar. Seller shall provide such documentation of costs incurred as may be reasonably required by Marion County.

7. TITLE INSURANCE. Purchaser, at Trustees' sole expense, may provide a marketable title insurance commitment, to be followed by an owner's marketable title insurance policy (ALTA Form "B" with Florida revisions) from a title insurance company approved by DSL, insuring marketable title to each Phase in the amount of the Purchase Price therefor. Seller warrants that any billboards on the property shall be removed prior to closing.

8. DEFECTS IN TITLE. If the title insurance commitment or Survey furnished pursuant to this Agreement discloses any defects in title that are not acceptable to Purchaser, Seller shall, within 30 days after notice from Purchaser, remove said defects in title. Seller agrees to use diligent effort to correct the defects in title within the time provided therefor, provided, however, that Seller shall not be required to bring any lawsuits to correct any defects in title. Defects arising from liens against the Property shall be satisfied at closing from Seller's proceeds. If Seller is unsuccessful in removing the title defects within said time, Purchaser shall have the option to either: (a) accept the title as it then is with a reduction in the Purchase Price by an amount mutually agreed upon by the parties, (b) accept the title as it then is with no reduction in the Purchase Price, (c) extend the amount of time Seller has to remove the defects in title, or (d) terminate this Agreement, thereupon releasing Purchaser and Seller from all further obligations under this Agreement. If Seller fails to make a diligent effort to remove the title defects, Seller shall be in default and the provisions of paragraph 19 of this Agreement shall apply.

8.1 PLAT VACATIONS. The Seller represents that Avatar is compelled by the terms of its contract with Seller to cause the various platted subdivisions on the Property to be vacated before closing, except that plat of Silver Springs Park Addition. The parties hereby agree that the portion of NE 49th Street lying westerly of a line 50 feet east of the east line of Section 26, Township 14 South, Range 22 East, shall not be vacated by County and shall be lessed out of the description of the Property at closing. Furthermore, the parties agree that, prior to the Phase I closing and title to the Phase I Property vesting in the Trustees, Seller shall cause Avatar to dedicate a private easement for ingress, egress and utilities, in form and content approved by DSL, for the benefit of the owners of lots in Silver Springs Park Addition. At Seller's sole discretion, Seller may elect to postpone vacating the plats or portions of plats lying within the Phase II Property until the Phase II closing. Also at Seller's option, Seller may cause the plat vacations to be made contingent on acquisition of the Phases by Purchaser. If Avatar fails to vacate said plats prior to the applicable closing date then Purchaser may elect to terminate this Agreement.

8.2 MARION COUNTY PROPERTY. The parties hereby acknowledge that County may be the owner of strips of land surrounding the platted subdivisions lying within the Property ("County Property"). County shall convey all of its right, title and interest in the County Property to Seller or Trustees prior to the Phase I closing as a condition of and contingent upon Seller's purchase of the Property from Avatar. Provided, however, the County shall not be required to

convey any existing public rights-of-way not within the plats to be vacated pursuant to paragraph 8.1 above.

8.3 VESTED RIGHTS. The parties hereby acknowledge that the Property may have certain vested rights recognized by the Florida Department of Community Affairs (“DCA”), formerly known as the Department of Administration, by virtue of certain documents issued by DCA that include: Binding Letter of Interpretation of Vested Rights (BLIVR 574-138) dated April 29, 1974; Binding Letter of Interpretation for Modification to a Development of Regional Impact with Vested Rights (BLIM-585-003) dated June 21, 1985; letter of clarification for BLIM-585-003 dated July 25, 1985; Binding Letter of Interpretation for Development of Regional Impact Status (BLID-585-039) dated August 30, 1985; and letter from K. Marlene Conaway to Jackson E. Sullivan dated May 10, 2006 (collectively, the “Vested Rights”). The parties further acknowledge that said Vested Rights are considered by DCA to be distributed across the Phase I Property and Phase II Property and allocable by the parties. The parties, therefore agree that 3,350 residential units shall be attributable to the Phase II Property.

8.4 EXCHANGE OF PROPERTY. Notwithstanding anything herein to the contrary, the parties acknowledge that Avatar may elect to exchange no more than fifteen (15) acres (“Exchange Property”) currently owned by Avatar within the Property for property in the plat of Silver Springs Park Addition owned by Leon Gary and Rebecca Gary (“New Property”), subject to the following conditions and restrictions:

- (a) Avatar shall notify the parties of its election to exchange the Exchange Property (including identifying the specific location of the Exchange Property and New Property) within 30 days of Seller’s execution of this Agreement. Purchaser shall provide Seller with a proposed legal description of the Exchange Property no later than five (5) days after Seller’s election of the exchange. Purchaser shall have the Exchange Property surveyed prior to the Phase I Closing Date, and the legal description on the deed delivered at closing under this Agreement shall exclude the Exchange Property and include the New Property using the description prepared by DSL;
- (b) Notwithstanding anything contained in this paragraph 8.4, any exchange elected by Avatar and the conditions thereof, including but not limited to the locations and dimensions of both the Exchange Property and the New Property, shall be approved by Purchaser, with the concurrence of the Florida Division of Forestry.
- (c) The New Property shall consist of all lots owned by Leon Gary and/or Rebecca Gary in Silver Springs Park Addition, as per plat recorded in Plat Book “B”, Page 243, of the public records of Marion County, Florida; and
- (d) The Exchange Property shall be adjacent to the following described property and shall not exceed a width of 50 feet, with the exact location and configuration to be approved by DSL, with the concurrence of the Florida Division of Forestry:

Lots 1, 2, 4 – 11, 15 – 17 and 21, per plat recorded in Plat Book “A”, Page 35, of the public records of Marion County, Florida.

Seller acknowledges and understands that electing the exchange provided for in this paragraph 8.4 will be considered in undertaking the adjustments in value provided for in paragraph 3.B. of this Agreement, and may result in an adjustment to DSL approved value.

9. INTEREST CONVEYED. At the closing of Phase I, Seller shall cause Avatar to execute and deliver to Trustees a special warranty deed conveying marketable title to Phase I in fee simple free and clear of all liens, reservations, restrictions, easements, leases, tenancies and other encumbrances, except for those that are acceptable encumbrances in the sole discretion of Purchaser and do not impair the marketability of the title to Phase I, and except for a use agreement acceptable in form and content to DSL and the Florida Division of Forestry to allow a portion of the Property to continue to be used by Swift Agrisales, Inc. for agricultural purposes consistent with the conservation values of the Property.

At the closing of Phase II, Seller shall execute and deliver to Trustees a special warranty deed in the form attached hereto as Exhibit "C" conveying marketable title to Phase II in fee simple free and clear of all liens, reservations, restrictions, easements, leases, tenancies and other encumbrances, except for those that are acceptable encumbrances in the sole discretion of Purchaser and do not impair the marketability of the title to Phase II, and except for a use agreement acceptable in form and content to DSL and the Florida Division of Forestry to allow a portion of the Property to continue to be used by Swift Agrisales, Inc. for agricultural purposes consistent with the conservation values of the Property.

10. PREPARATION OF CLOSING DOCUMENTS. Upon execution of this Agreement, Seller shall submit to Purchaser a properly completed and executed beneficial interest affidavit and disclosure statement as required by Sections 286.23, 375.031(1) and 380.08(2), Florida Statutes, and shall cause Avatar to execute and deliver to Purchaser said beneficial interest affidavit and disclosure statement. In connection with each closing Purchaser shall prepare the deed described in paragraph 9. of this Agreement, Purchaser's and Seller's closing statements and the title, possession and lien affidavit as to Phase II only certified to Purchaser and title insurer on DSL forms provided by DSL, and an environmental affidavit as to Phase II only in the form attached hereto as Exhibit "D". At closing on Phase I, Seller shall cause Avatar to execute and deliver to Purchaser the title, possession and lien affidavit certified to Purchaser and title insurer and an environmental affidavit on DSL forms provided by DSL as to Phase I.

11. DSL REVIEW FOR CLOSING. DSL will approve or reject each item required for closing under this Agreement. If DSL rejects an item for closing which was submitted by the Seller, Seller will have 30 days thereafter to remove and resubmit any rejected item. If Seller fails to timely deliver any items required of Seller, or DSL rejects any item after delivery, the closing date shall be extended until DSL approves Seller's documents or until Purchaser elects to terminate the Agreement.

12. EXPENSES. Seller will pay the documentary revenue stamp tax, if any, and all other taxes or costs associated with the conveyances, including the cost of recording the deed described in paragraph 9. of this Agreement and any other recordable instruments that DSL deems necessary to assure good and marketable title to the Property.

13. TAXES AND ASSESSMENTS. At closing, Seller shall satisfy all real estate taxes and assessments that are or may become a lien against the Property at each respective closing. If Purchaser acquires fee title to any Phase between January 1 and November 1, Seller shall in accordance with Section 196.295, Florida Statutes, place in escrow with the county tax collector an amount equal to the current taxes prorated to the date of transfer based upon the current assessment and millage rates on the Phase. If Purchaser acquires fee title to any Phase on or after November 1, Seller shall pay to the county tax collector an amount equal to the taxes that are determined to be legally due and payable by the county tax collector.

14.A. PHASE I CLOSING PLACE AND DATE. The closing for Phase I shall be on or before December 22, 2006 ("Phase I Closing Date"); provided, however, that if a defect exists in the title to Phase I, title commitment, Survey, environmental site assessment, or any documents required to be provided or completed and executed by Seller, the closing for Phase I shall occur either on the original Phase I Closing Date or within five (5) days after receipt of documentation curing the defects, whichever is later.

Seller represents and Purchaser acknowledges that, at closing for Phase I, Avatar will be conveying the Phase I Property directly to the Trustees. Furthermore, Purchaser acknowledges that Seller's obligation to close its option agreement with Avatar is contingent on the County's payment of \$2,000,000 and the Trustees' payment of the balance of the Phase I Purchase Price at the Phase I closing as described in paragraph 3(A)(1). Seller's obligation to close its option agreement with Avatar is also contingent upon County's payment of \$500,000 to Seller for closing costs as provided by paragraph 6.1. In the event the funds from either the Trustees or County are not received at the Phase I closing, this Agreement may be terminated by Seller by notice as provided herein and Seller and Purchaser shall have no further rights, obligations or duties hereunder.

14.B. PHASE II CLOSING PLACE AND DATE. The closing for Phase II shall be on or before July 25, 2007 ("Phase II Closing Date"); provided, however, that if a defect exists in the title to Phase II, title commitment, Survey, Updated Survey, environmental site assessment, Assessment Update or any other documents required to be provided or completed and executed by Seller, the closing for Phase II shall occur either on the original Phase II Closing Date or within twenty (20) days after receipt of documentation curing the defects, whichever is later.

The date, time and place of each respective closing set forth above shall be set by Purchaser. Purchaser shall be obligated to close on all of each Phase on or before the applicable closing date therefor, as to which time shall be of the essence for the performance of the parties' obligations hereunder.

15. RISK OF LOSS AND CONDITION OF PROPERTY. Seller assumes all risk of loss or damage to the Phase I Property and the Phase II Property prior to the date of the respective closings, and warrants that Phase I Property and Phase II Property shall be transferred and conveyed to Trustees in the same or essentially the same condition as of the date of Seller's execution of this Agreement, ordinary wear and tear excepted. However, in the event the condition of Phase I Property or Phase II Property is altered by an act of God or other natural force beyond the control of Seller, Purchaser shall have the right to terminate this Agreement. Seller represents and warrants that there are no parties other than Seller or Avatar in occupancy

or possession of any part of the Property, other than Swift Agrisales, Inc. occupation pursuant to any Ground Lease with Avatar and an unknown tenant in a house located on the east ½ of the northwest ¼ of Section 12, Township 14 South, Range 22 East. Parties in possession of the Property may be treated as a title defect pursuant to paragraph 8. Seller warrants that there are no facts known to Seller materially affecting the value of the Property that are not readily observable by Purchaser or which have not been disclosed to Purchaser.

All wells located on the Property shall be duly abandoned at the Seller's sole cost and expense prior to the respective closing unless this requirement is waived by DSL in writing.

Seller agrees to clean up and remove all abandoned personal property, refuse, garbage, junk, rubbish, trash and debris (hereafter, "trash and debris") from the Property to the satisfaction of DSL prior to the respective closing by Purchaser. If the Seller does not remove all trash and debris from the Property prior to a closing, Purchaser at its sole option, may elect to: (a) deduct the expense necessary to remove trash and debris from the Seller's proceeds of sale up to but not to exceed \$250,000 and proceed to close, with the Purchaser incurring any additional expenses necessary to remove all trash and debris and clean up the Property subsequent to closing thereon, (b) extend the amount of time the Seller has to remove all trash and debris from the Property, or (c) terminate this Agreement, and neither party shall have any further obligations under the Agreement.

16. STORAGE TANKS. Prior to the respective closings Seller shall properly close in accordance with Chapters 376 and 403, Florida Statutes, Chapter 62-761, Florida Administrative Code (F.A.C.), and other applicable statutes, rules and ordinances, all above-ground and underground storage tanks on the applicable Phase that contain or have previously contained Hazardous Materials. In addition, all such tanks shall be physically removed from the Property and properly disposed of in accordance with applicable statutes, rules and ordinances. If the closure assessment, site assessment or other available information indicates that the Property is contaminated with Hazardous Materials as a result of the tanks, the Seller shall remediate the Property in accordance with Chapter 62-770, F.A.C., 62-777, F.A.C., and other applicable statutes, rules and ordinances. This provision shall not apply to any above-ground and underground storage tanks owned and properly operated by Swift Agrisales, Inc. pursuant to any lease with Avatar for any allowed agricultural activity.

17. RIGHT TO ENTER PROPERTY AND POSSESSION. Seller agrees that from the date this Agreement is executed by Seller, Purchaser and its agents, upon reasonable notice, shall have the right to enter the Property for all lawful purposes in connection with this Agreement. Purchaser shall coordinate all property visits prior to the Phase I closing with Avatar and Seller. Seller shall deliver possession of Phase I Property and Phase II Property to Purchaser at the respective closing of each Phase, subject to a use agreement acceptable in form and content to DSL and the Florida Division of Forestry to allow portions of the Property to continue to be used by Swift Agrisales, Inc. for agricultural purposes consistent with the conservation values of the Property.

18. ACCESS. Seller warrants that there is legal and practical ingress and egress to Phase I and to the Property over public roads or valid, recorded easements for the use and benefit of and as an appurtenance to the Property.

19. DEFAULT. If any party defaults under this Agreement, the non-defaulting party may waive the default and proceed to closing, or may seek any other remedy available at law or in equity against the defaulting party.

20. BROKERS. Seller warrants that no persons, firms, corporations or other entities are entitled to a real estate commission or other fees as a result of this Agreement or subsequent closing, except as accurately disclosed on the disclosure statement required in paragraph 10. Seller shall indemnify and hold Purchaser harmless from any and all such claims, whether disclosed or undisclosed, provided, however, Seller shall not be liable for any claims arising from Avatar's sale of the Property to Seller. To the extent allowed by law, in the event of any such claims against Purchaser or the Property arising out of Avatar's sale of the Property to Seller, Seller shall assign and transfer, to the extent necessary, Seller's right to be indemnified or otherwise held harmless by Avatar from such claims.

21. RECORDING. This Agreement, or notice of it, may not be recorded by either party, except in the event of a default by either party.

22. ASSIGNMENT. This Agreement may be assigned by Purchaser, in which event Purchaser will provide written notice of assignment to Seller. Seller may not assign this Agreement without the prior written consent of Purchaser.

23. TIME. Time is of essence with regard to all dates or times set forth in this Agreement.

24. SEVERABILITY. If any of the provisions of this Agreement are deemed to be unenforceable and the unenforceability of said provisions does not adversely affect the purpose and intent of this Agreement, in Purchaser's sole discretion, the enforceability of the remaining provisions of this Agreement shall not be affected.

25. SUCCESSORS IN INTEREST. This Agreement shall bind and inure to the benefit of Seller and Purchaser and their respective heirs, legal representatives and successors. Whenever used, the singular shall include the plural and one gender shall include all genders.

26. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by the parties. Notwithstanding the foregoing, the parties acknowledge that the legal descriptions contained in Exhibit "A" and Exhibit "B" was prepared based upon historic chain of title information, without the benefit of a current survey of the Property. The parties agree that if, in the opinion of DSL, it becomes necessary to amend the legal descriptions of the Property to correct errors, to more properly describe the Property, to cut out portions of the Property affected by title defects unacceptable to Purchaser or which cannot be timely cured by the Seller, to adjust the dividing line between the Phase I Property and the Phase II Property if necessary to retain the respective values for said Phases as set forth in subparagraphs 3.A.(1) and (2), above, to effectuate the exchange provided for in subparagraph 8.4, above, or to otherwise revise the legal description of the Property, the legal descriptions to be used in the Survey (if any) and in the

closing instruments required by this Agreement shall be revised by or at the direction of DSL, and shall be subject to the final approval of DSL. Anything to the contrary hereinabove notwithstanding, such a revision of the legal description of the Property shall not require a written amendment to this Agreement. In such event, the Seller's execution and delivery of the closing instruments containing the revised legal description(s) and the Purchaser's acceptance of said instruments and of the final Survey and final Updated Survey (if any) containing the revised legal description shall constitute a full and complete ratification and acceptance of the revised legal description(s) of the Property by the parties.

Seller acknowledges that the Trustees have made various delegations of power for the purpose of land acquisition, and not all representatives of the Trustees or the DSL have authority to act in all situations. Consequently, this Agreement may be terminated by the Trustees pursuant to any provision therefor contained in this Agreement only in writing signed by the person or persons who signed this Agreement on behalf of the Trustees or that person's successor.

27. WAIVER. Failure of Purchaser to insist upon strict performance of any covenant or condition of this Agreement, or to exercise any right herein contained, shall not be construed as a waiver or relinquishment for the future of any such covenant, condition or right; but the same shall remain in full force and effect.

28. COUNTERPARTS. This Agreement may be executed in one or more counterparts, but all such counterparts, when duly executed, shall constitute one and the same Agreement.

29. ADDENDUM. Any addendum attached hereto that is signed by the parties shall be deemed a part of this Agreement.

30. NOTICE. Whenever either party desires or is required to give notice unto the other, it must be given by written notice, and either delivered personally, transmitted via facsimile transmission, mailed postage prepaid, or sent by overnight courier to the appropriate address indicated on the first page of this Agreement, or such other address as is designated in writing by a party to this Agreement.

31. SURVIVAL. The covenants, warranties, representations, indemnities and undertakings of Seller set forth in this Agreement shall survive the closing, the delivery and recording of the deed described in paragraph 9. of this Agreement and Purchaser's possession of the Property.

IF THIS INSTRUMENT IS NOT EXECUTED BY THE SELLER, ON OR BEFORE NOVEMBER 6, 2006, PURCHASER SHALL BE UNDER NO OBLIGATION TO ACCEPT THIS INSTRUMENT. PURCHASER'S EXECUTION OF THIS INSTRUMENT IS SUBJECT TO APPROVAL BY THE BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND OF THE STATE OF FLORIDA. CLOSING IS SUBJECT TO: (1) CONFIRMATION THAT THE PURCHASE PRICE IS NOT IN EXCESS OF THE DSL APPROVED VALUE OF THE PROPERTY, AND (2) DSL APPROVAL OF ALL DOCUMENTS TO BE FURNISHED HEREUNDER. THE STATE OF FLORIDA'S PERFORMANCE AND OBLIGATION TO PAY UNDER THIS AGREEMENT IS CONTINGENT UPON AN ANNUAL APPROPRIATION BY THE LEGISLATURE.

THIS IS INTENDED TO BE A LEGALLY BINDING AGREEMENT WHEN DULY EXECUTED. IF NOT FULLY UNDERSTOOD, SEEK THE ADVICE OF AN ATTORNEY PRIOR TO SIGNING.

SELLER

THE NATURE CONSERVANCY

Betty Hernandez
Witness as to Seller

Maria Melchiori
By: Maria Melchiori
As its: Chief Operating Officer

Barbara J. Berger
Witness as to Seller

53-0242652
F.E.I.N.

11/01/06
Date signed by Seller

Phone No. 407-682-3664
8 a.m. - 5 p.m.

PURCHASER

BOARD OF TRUSTEES OF THE
INTERNAL IMPROVEMENT TRUST
FUND OF THE STATE OF FLORIDA

BY DIVISION OF STATE LANDS OF THE
FLORIDA DEPARTMENT OF
ENVIRONMENTAL PROTECTION

Witness as to Purchaser

BY: _____
NAME: _____
AS ITS: _____

Witness as to Purchaser

Date signed by Purchaser

Approved as to Form and Legality

By: _____
Date: _____

BOARD OF COUNTY COMMISSIONERS OF
MARION COUNTY, FLORIDA

Witness as to Purchaser

BY: _____
NAME: _____
AS ITS: _____

Witness as to Purchaser

Date signed by Purchaser

STATE OF FLORIDA)

COUNTY OF SEMINOLE)

The foregoing instrument was acknowledged before me this 1st day of November, 2006, by Maria Melchiori as Chief Operating Officer of The Nature Conservancy on behalf of the corporation. Such person(s) (Notary Public must check applicable box):

- is/are personally known to me.
- produced a current driver license(s).
- produced _____ as identification.

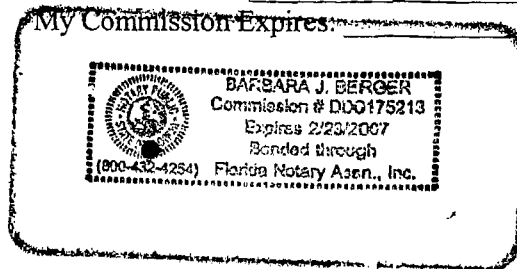
(NOTARY PUBLIC SEAL)

Barbara J. Berger
Notary Public

(Printed or Stamped Name of Notary Public)

Commission No.: _____

My Commission Expires: _____



STATE OF _____)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2006, by _____, Division of State Lands, Department of Environmental Protection, as agent for and on behalf of the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida. He/She is personally known to me.

(NOTARY PUBLIC SEAL)

Notary Public

(Printed or Stamped Name of Notary Public)

Commission No.: _____

My Commission Expires: _____

STATE OF _____)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2006, by _____ as Chairman of the Board of County Commissioners of Marion County, Florida, on behalf of the Commission. Such person(s) (Notary Public must check applicable box):

is/are personally known to me.

produced a current driver license(s).

produced _____ as identification.

(NOTARY PUBLIC SEAL)

Notary Public

(Printed or Stamped Name of Notary Public)

Commission No.: _____

My Commission Expires: _____

EXHIBIT "A"

A parcel of land lying in Township 14 South, Ranges 22 and 23 East, Marion County, Florida, described as follows:

That part of the South $\frac{3}{4}$ of the East $\frac{3}{4}$ of Section 12, Township 14 South, Range 22 East lying South and West of NE 97th Street Road (also known as Anthony-Burbank Road and being described in Official Records Book 69, page 314 of the Public Records of Marion County);

LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and being described in Official Records Book 1262, page 1931 of the Public Records of Marion County);

AND

The East $\frac{1}{2}$ of Section 14, Township 14 South, Range 22 East;

LESS and EXCEPT the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of said Section 14;

ALSO LESS and EXCEPT a parcel of land described as follows:
Commencing N $00^{\circ} 31' 45''$ E, 931.68 feet from the Southwest corner of the Southeast $\frac{1}{4}$ of Section 14, Township 14 South, Range 22 East for a POINT OF BEGINNING; thence N $86^{\circ} 38' 25''$ E, 933.25 feet; thence N $02^{\circ} 21' 35''$ W, 397.28 feet; thence S $86^{\circ} 38' 25''$ W, 638.66 feet; thence S $02^{\circ} 21' 35''$ E, 373.28 feet; thence S $86^{\circ} 38' 25''$ W, 292.96 feet; thence S $00^{\circ} 31' 45''$ W, 24.05 feet to the POINT OF BEGINNING;

ALSO LESS and EXCEPT that part lying within a 50 foot right of way described in Official Records Book 1393, page 1607 of the Public Records of Marion County as follows:

A 50 foot ROW 25 feet each side of center line and Beginning at the SW corner of the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 14, Township 14 South, Range 22 East; thence East to North-South $\frac{1}{4}$ section line; thence South along said $\frac{1}{4}$ section line to the NW corner of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ of same Section; thence East 468 feet to cemetery;

ALSO LESS and EXCEPT the West 25 feet of the West $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of said Section 14;

AND

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Silver Springs, Avatar, Phase 1
10.27.06

EXHIBIT "A"

ALSO LESS and EXCEPT the West 25 feet of the West ½ of the Southeast 1/4 of said Section 14;

AND:

That part of the Southeast ¼ of the Southeast ¼, the West ½ of the Southeast ¼, and the South 13 chains of the Southwest ¼ of the Northeast ¼ of Section 22, Township 14 South, Range 22 East lying East of the CSX Railroad right of way;

LESS and EXCEPT the North 7 ½ chains of said Southeast ¼ of the Southeast 1/4;

ALSO LESS and EXCEPT that part lying within the right of way of County Road Number S326 (formerly known as State Road Number S326);

ALSO LESS and EXCEPT a parcel of land in the Northeast ¼ of said Section 22 described in Official Records Book 2994, page 506 of the Public Records of Marion County as follows:

Commencing at the East ¼ corner of said Section 22; thence N 89° 50' 24" W, along the South line of the Northeast ¼ of said Section 22, a distance of 2140.03 feet to the Easterly right of way line of the CSX Railroad; thence N 21° 17' 10" W, along said Easterly right of way, 53.72 feet, to the North right of way line of State Road Number S326 and the POINT OF BEGINNING; thence continue N 21° 17' 10" W, along said Easterly right of way line, 306.00 feet; thence S 89° 50' 24" E, 306.00 feet; thence S 21° 17' 10" E, 306.00 feet to the aforementioned Northerly right of way line of State Road Number S326; thence N 89° 50' 24" W, along said Northerly right of way line, 306.00 feet to the POINT OF BEGINNING;

AND:

The East ½; the North ¾ of the West ½; the North 10 chains of the West 15 chains of the Southwest ¼ of the Southwest ¼ (also described as Lot 3 per plat recorded in Plat Book "A", Page 35 of the Public Records of Marion County); The East ¼ of the Southeast ¼ of the Southwest ¼ (also described as Lots 12 and 13 per plat recorded in Plat Book "A", Page 35 of the Public Records of Marion County); and Lots 14, 18, 19 and 20 per plat recorded in Plat Book "A" Page 35 of the Public Records of Marion County; all lying in Section 23, Township 14 South, Range 22 East;

LESS and EXCEPT that part lying within the right of way of County Road Number S326 (formerly known as State Road Number S326);

EXHIBIT "A"

ALSO LESS and EXCEPT that part lying within the right of way of NE 40th Avenue Road (also known as NE Indian Lake Blvd.) as shown on the plat of Ocala Springs, Unit No. Three, as recorded in Plat Book "M", Page 23 of the Public Records of Marion County;

AND:

All of Section 24, Township 14 South, Range 22 East;

LESS and EXCEPT that part lying within the right of way of County Road Number S326 (formerly known as State Road Number S326);

ALSO LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35 and being described in Official Records Book 436, page 378 and Official Records Book 1262, page 1931 of the Public Records of Marion County);

AND:

All of Section 25, Township 14 South, Range 22 East;

LESS and EXCEPT that part lying within the right of way of County Road Number S326 (formerly known as State Road Number S326);

ALSO LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35 and being described in Official Records Book 436, page 378; Official Records Book 1262, page 1931; and Official Records Book 3202, page 1448 of the Public Records of Marion County);

ALSO LESS and EXCEPT that part lying within the Seminole Electric transmission line right of way of described as "Parcel No. MA-48" in the Order of Taking recorded in Official Records Book 1055, page 614 of the Public Records of Marion County;

AND:

That part of Section 26, Township 14 South, Range 22 East lying East of the CSX Railroad right of way;

LESS and EXCEPT the Northeast $\frac{1}{4}$ of said Section 26;

ALSO LESS and EXCEPT a parcel of land described in Official Records Book 1322, page 1886 of the Public Records of Marion County as follows:

EXHIBIT "A"

A parcel of land lying in the NW ¼ of Section 26, Township 14 South, Range 22 East, Marion County, Florida, being more particularly described as follows: From the NE corner of said NW ¼ run S 00°06'47" W along the East line of said NW ¼ a distance of 1364.87 feet; thence S 89°56'52" W, parallel with the North line of said NW ¼, a distance of 631.93 feet to the POINT OF BEGINNING of the herein described parcel; thence S 00°06'47" W, parallel with the East line of said NW ¼, a distance of 1072.31 feet; thence S 89°56'52" W, 840.80 feet to the Easterly right of way line of NE 40th Avenue Road, said Easterly right of way line lying 10 feet Easterly and parallel with the right of way line described in Official Records Book 646, Page 248 of the Public Records of Marion County, Florida; thence run along the aforesaid Easterly right of way line N 00°00'00" E, 429.33 feet to the P.C. of a curve concave to the East having a radius of 1450.00 feet and a central angle of 26°19'45"; thence run Northeasterly along the arc of said curve a distance of 666.32 feet; thence departing from said curve and said right of way line run N 89°56'52" E, parallel with the North line of said NW ¼, a distance of 692.50 feet to the POINT OF BEGINNING.

ALSO LESS and EXCEPT those parcels of land described in Official Records Book 1358, page 1454 of the Public Records of Marion County as follows:

(Parcel #1) Commence at the SE corner of the SW ¼ of Section 26, Township 14 South, Range 22 East; thence N 89° 54' 07" W, along the South line of said Section 26 a distance of 1055.03 feet to the POINT OF BEGINNING; thence continue N 89° 54' 07" W, along said South line a distance of 270.45 feet to a point on the East right of way line of NE 38th Terrace; thence N 00° 00' 35" E, along a Northerly projection of said East right of way line a distance of 9.28 feet to the P.C. of a curve, concaved Southeasterly, having a central angle of 106° 00' 23" and a radius of 25 feet; thence Northeasterly along the arc of said curve a distance of 46.25 feet to the P.T. of said curve, said point also being on a curve, concaved Northeasterly, having a central angle of 15° 55' 05" and a radius of 870 feet; thence Southeasterly along the arc of said curve a distance of 241.71 feet to the P.T. of said curve and the POINT OF BEGINNING (chord bearing and distance between said points being S 81° 56' 34" E, 240.93 feet).

(Parcel #2) Commence at the SE corner of the SW ¼ of Section 26, Township 14 South, Range 22 East; thence N 89° 54' 07" W, along the South line of said Section 26 a distance of 1385.48 feet to the POINT OF BEGINNING, said point being on the West right of way line of NE 38th Terrace; thence continue N 89° 54' 07" W, along said South line a

EXHIBIT "A"

distance of 700.51 feet to a point on the Easterly right of way line of the Seaboard System Railroad, said point being 50 feet from, measured at a right angle to, the centerline of said railroad; thence N 16° 51' 04" W, along said Easterly right of way line a distance of 61.45 feet to a point on a curve, concaved Northwesterly, having a central angle of 21° 22' 23" and a radius of 1125.03 feet; thence Northeasterly along the arc of said curve a distance of 419.67 feet to a point (chord bearing and distance between said points being N 54° 53' 57" E, 417.24 feet), said point being the P.C. of a curve, concaved Southerly, having a central angle of 86° 15' 39" and a radius of 25 feet; thence Easterly along the arc of said curve a distance of 37.64 feet to the P.T. of said curve; thence S 49° 31' 36" E, 144.66 feet to the P.C. of a curve, concaved Northeasterly, having a central angle of 17° 07' 58" and a radius of 870 feet; thence Southeasterly along the arc of said curve a distance of 260.15 feet to the P.T. of said curve, said point also being the P.C. of a curve, concaved Southwesterly, having a central angle of 73° 37' 04" and a radius of 25 feet; thence Southeasterly along the arc of said curve a distance of 32.12 feet to the P.T. of said curve, said point also being the P.C. of a curve, concaved Easterly, having a central angle of 06° 56' 55" and a radius of 293.09 feet; thence Southerly along the arc of said curve a distance of 35.55 feet to the P.T. of said curve, said point being on a Northerly projection of the West right of way line of said NE 38th Terrace; thence S 00° 00' 35" W, along said Northerly projection a distance of 9.19 feet to the POINT OF BEGINNING.

ALSO LESS and EXCEPT that part lying within the right of way of NE 40th Avenue, NE 49th Street, and NE 38th Terrace as described in Official Records Book 1499, page 1097 of the Public Records of Marion County;

AND:

All of Silver Springs Park Addition as recorded in Plat Book "B", Page 243 of the Public Records of Marion County;

LESS and EXCEPT the following lots in said Silver Springs Park Addition:

Lots 10 and 12, Block 2;

Lots 6, 8, 22 and 24, Block 3;

Lots 1, 3, 6, 8, 26 and 28, Block 4;

Lots 14, 16, 18, and 20, Block 5;

Lots 17 and 19, Block 6;

Lots 13, 15, 21 and 23, Block 8;

Lots 10, 12, 17, 19, 21, 23, 25 and 27, Block 10;

Lots 5 and 7, Block 11;

Lots 14, 16, 17, 18, 19, 20, 26 and 28, Block 12;

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Silver Springs, Avatar
10.4.06

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Lots 10, 12, 26 and 28, Block 13;
Lots 21 and 23, Block 14;
Lots 21, 22, 23 and 24, Block 15;
Lots 14 and 16, Block 17;
Lots 1, 3, 6, 8, 17 and 19, Block 18;
Lots 5, 7, 9, 11, 26 and 28, Block 19;
Lots 14 and 16, Block 20;
Lots 10, 12, 14, 16, 18, and 20, Block 22;
Lots 9, 11, 22 and 24, Block 23;
Lots 14 and 16, Block 24;
Lots 10, 12, 13 and 15, Block 25;
Lots 6, 8, 14, 16, 30 and 32, Block 26;
Lots 1, 2, 3, 4, 5, 6, 24, 26, 27, 28, 29, 30, 31 and 32, Block 27;
Lots 14 and 16, Block 28;
Lots 9, 11, 22 and 24, Block 29;
Lots 18 and 20, Block 30;
Lots 9, 10, 11, 12, 25, 26, 27 and 28, Block 32;
Lots 18, 20, 22, 24, 25 and 27, Block 33;
Lots 10, 12, 13, 14, 15, 16, 23, 25 and 27, Block 35;
Lots 1, 2, 3, 4 and 5, Block 37;
Lots 5 and 7, Block 38;
Lots 10, 12, 14 and 16, Block 40;
Lots 2 and 4, Block 41;
Lots 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, and the
East 5 feet of Lots 31 and 32, Block 43;
Lots 18 and 20, Block 44;
Lots 1 through 32, inclusive, Block 45;
Lots 2, 4, 6 and 8, Block 46;
Lots 2, 4, 21 and 23, Block 48;
Lots 9 and 11, Block 49;
Lots 18 and 20, Block 51;
Lot 8, Block 53;
Lots 13, 15, 21, 23, 26 and 28, Block 54;
Lots 1, 3, 5 and 7, Block 55;
Lots 13 and 15, Block 57;
Lots 5, 7, 9, 11, 18 and 20, Block 58;
Lots 9 and 11, Block 59;
Lots 16, 18, 28, 30 and 32, Block 61;
Lots 29, 30, 31 and 32, Block 62;
Lots 5, 7, 30 and 32, Block 63;
Lots 17, 19, 25 and 27, Block 64;
Lots 5, 7, 13, 14, 15 and 16, Block 65;

EXHIBIT "A"

Lots 2, 4, 6, 8, 10, 12, 14, 16, 25, 26, 27, 28, 29, 30, 31 and 32, Block 66;

AND:

That part of the North $\frac{1}{2}$ of the Northeast $\frac{1}{4}$; the Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$; and the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 27, Township 14 South, Range 22 East lying East of the CSX Railroad right of way;

AND:

The Northeast $\frac{1}{4}$; the North $\frac{3}{4}$ of the East $\frac{1}{2}$ of the Southeast $\frac{1}{4}$; the East 6 chains of the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$, LESS the East 14 feet of the South 210 feet thereof; and the East 60 feet of the West 264 feet of the North 105 feet of the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 36, Township 14 South, Range 22 East;

LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35, and being described in Official Records Book 436, page 378 of the Public Records of Marion County);

ALSO LESS and EXCEPT that part lying within the right of way of NE 55th Avenue Road (also known as Baseline Road Extension and County Road 35, and being described in Official Records Book 646, page 249 of the Public Records of Marion County);

ALSO LESS and EXCEPT that part lying within the right of way of NE 35th Street (also known as Joy Avenue, and being described in Official Records Book 1523, page 1462 of the Public Records of Marion County);

ALSO LESS and EXCEPT that part lying within the Seminole Electric transmission line right of way of described as "Parcel No. MA-48" in the Order of Taking recorded in Official Records Book 1055, page 614 of the Public Records of Marion County;

AND:

That part of the Southwest $\frac{1}{4}$ of Section 7, Township 14 South, Range 23 East lying South and West of NE 97th Street Road (also known as Anthony-Burbank Road, and being described in Official Records Book 69, page 314 of the Public Records of Marion County);

LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35, and being

EXHIBIT "A"

described in Official Records Book 1262, page 1931 of the Public Records of Marion County);

AND:

That part of Section 18, Township 14 South, Range 23 East lying South of NE 90th Street Road (also known as Anthony-Burbank Road, as shown on the Maintained Right of Way Map for Project Number FY 97/98-44,900C, dated 02-18-1999 prepared by the Marion County Engineering Department);

LESS and EXCEPT the North $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of said Section 18;

ALSO LESS and EXCEPT a parcel of land described as:
Commence at the Southeast corner of said Section 18, thence West, 380 feet; thence in a Northeasterly direction to a point on the East boundary of said Section 18 that is 1140 feet North of the Southeast corner; thence South, 1140 feet to the POINT OF BEGINNING;

ALSO LESS and EXCEPT a parcel being an unrecorded Burial Ground with the POINT OF BEGINNING and Southwest corner of said parcel bearing N 61° 44' 47" E, 2627.44 feet from the Southwest corner of said Section 18; thence N 01° 28' 13" E, 199.86 feet to a point; thence N 85° 38' 01" E, 77.48 feet to a point; thence S 00° 21' 31" W, 204.24 feet to a point, thence S 88° 58' 15" W, 81.12 feet to the POINT OF BEGINNING;

ALSO LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35, and being described in Official Records Book 1262, page 1931 of the Public Records of Marion County);

AND:

The North $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 19, Township 14 South, Range 23 East, EXCEPT the West 30 feet thereof for road right of way.

EXHIBIT "B"

A parcel of land lying in Township 14 South, Ranges 22 and 23 East, Marion County, Florida, described as follows:

All of Section 13, Township 14 South, Range 22 East;

LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and being described in Official Records Book 1262, page 1931 of the Public Records of Marion County);

AND

All of Section 24, Township 14 South, Range 22 East;

LESS and EXCEPT that part lying within and southwesterly of the right of way of County Road Number S326 (formerly known as State Road Number S326);

ALSO LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35 and being described in Official Records Book 436, page 378 and Official Records Book 1262, page 1931 of the Public Records of Marion County);

ALSO LESS and EXCEPT that part lying in Tract A and that portion of N.E. Indian Lake Boulevard, lying southeast of and adjacent to Tract A, of Ocala Springs, Unit 1, as recorded in Plat Book M, pages 1 through 12, of the Public Records of Marion County, Florida;

ALSO LESS and EXCEPT that part lying in Tracts A & B and that portion of N.E. Indian Lake Boulevard, lying northwest of and adjacent to Tract A, of Ocala Springs, Unit 4, as recorded in Plat Book M, pages 34 through 48, of the Public Records of Marion County, Florida;

ALSO LESS and EXCEPT that part lying within the right of way of N.E. 64th Street as shown on the plat of Ocala Springs, Unit 4, as recorded in Plat Book M, pages 34 through 48, of the Public Records of Marion County, Florida;

ALSO LESS and EXCEPT that part of the SE $\frac{1}{4}$ of said Section 24, lying East of N.E. 56th Avenue and South of N.E. 64th Street as shown on the plat of Ocala Springs, Unit 4, as recorded in Plat Book M, pages 34 through 48, of the Public Records of Marion County, Florida.

EXHIBIT "B"

AND

That part of the Southwest $\frac{1}{4}$ of Section 7, Township 14 South, Range 23 East lying South and West of NE 97th Street Road (also known as Anthony-Burbank Road, and being described in Official Records Book 69, page 314 of the Public Records of Marion County);

LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35, and being described in Official Records Book 1262, page 1931 of the Public Records of Marion County);

AND

That part of Section 18, Township 14 South, Range 23 East lying South of NE 90th Street Road (also known as Anthony-Burbank Road, as shown on the Maintained Right of Way Map for Project Number FY 97/98-44,900C, dated 02-18-1999 prepared by the Marion County Engineering Department);

LESS and EXCEPT the North $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of said Section 18;

ALSO LESS and EXCEPT a parcel of land described as:
Commence at the Southeast corner of said Section 18, thence West, 380 feet; thence in a Northeasterly direction to a point on the East boundary of said Section 18 that is 1140 feet North of the Southeast corner; thence South, 1140 feet to the POINT OF BEGINNING;

ALSO LESS and EXCEPT that part lying within the right of way of NE 58th Avenue (also known as Baseline Road and County Road 35, and being described in Official Records Book 1262, page 1931 of the Public Records of Marion County);

EXHIBIT "C"

Form of Special Warranty Deed

Prepared by and return to:

SPECIAL WARRANTY DEED

THIS INDENTURE, made this _____ day of _____, A.D., 200_, between **The Nature Conservancy, a nonprofit corporation organized and existing under the laws of the District of Columbia, authorized to transact business in the State of Florida as The Nature Conservancy, Inc.**, whose address is 222 South Westmonte Drive, Suite 300, Altamonte Springs, Florida 32714-4269, grantor, and the **BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND OF THE STATE OF FLORIDA**, whose post office address is c/o Florida Department of Environmental Protection, Division of State Lands, 3900 Commonwealth Boulevard, Mail Station 115, Tallahassee, FL 32399-3000, grantee,

(Wherever used herein the terms grantor and grantee include all the parties to this instrument and their heirs, legal representatives, successors and assigns. Grantor and grantee are used for singular and plural, as the context requires and the use of any gender shall include all genders.)

WITNESSETH: That the said grantor, for and in consideration of the sum of \$10.00 and other good and valuable considerations to said grantor in hand paid by said grantee, the receipt whereof is hereby acknowledged, has granted, bargained and sold to the said grantee, and grantees successors and assigns forever, the following described land situate, lying and being in Marion County, Florida, to-wit:

See Exhibit "A" attached hereto and by reference made a part hereof.

Property Appraiser's Parcel ID Number: _____

This conveyance is subject to easements, restrictions, limitations and conditions of record if any now exist, but any such interests that may have been terminated are not hereby re-imposed.

TO HAVE AND TO HOLD the same unto the said grantee in fee simple forever **AND** the said grantor does hereby fully warrant the title to said land, and will defend the same against the lawful claims of all persons claiming by, through or under the said grantor, but against none other.

IN WITNESS WHEREOF the grantor has executed these presents, the day and year first written.
Signed, sealed and delivered in
the presence of:

**The Nature Conservancy, a nonprofit corporation
organized and existing under the laws of the District
of Columbia, authorized to transact business in the
State of Florida as The Nature Conservancy, Inc.,**

Signature of First Witness

BY: _____
ROBERT BENDICK, JR.
as Vice President

Printed, Typed or Stamped
Name of First Witness

(Corporate Seal)

Signature of Second Witness

Printed, Typed or Stamped Name of
Second Witness

***This conveyance is exempt from State Documentary Taxes pursuant to _____**

STATE OF _____)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 200__, by
**ROBERT BENDICK, JR., as Vice President of The Nature of Conservancy, a nonprofit
corporation organized and existing under the Laws of the District of Columbia, authorized to
transact business in the State of Florida as The Nature Conservancy, Inc., on behalf of the
corporation.**

Such person(s) (Notary Public must check applicable box):

- is/are personally known to me.
- produced a current driver license(s).
- produced _____ as identification.

(NOTARY PUBLIC SEAL)

Notary Public

(Printed or Stamped Name of Notary Public)

Commission No.: _____

My Commission Expires: _____

EXHIBIT "D"

ENVIRONMENTAL AFFIDAVIT
(OTHER)

_____ ("Affiant"), being first duly sworn, deposes and says that Affiant on behalf of Seller (as hereinafter defined) makes these representations to the BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND OF THE STATE OF FLORIDA ("Purchaser"), and Affiant further states to Seller's actual knowledge:

1. That the Affiant is the _____ State Director of The Nature Conservancy, a District of Columbia nonprofit corporation ("Seller"), and she has been authorized by the Seller to make this Affidavit on Seller's behalf.

2. That Seller is the sole owner in fee simple and now in possession of the following described property together with improvements located thereon located in Marion County, Florida, to-wit:

See Exhibit "A" attached hereto and by this reference made a part hereof (hereinafter the "Property").

3. That Seller is conveying the Property to BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND OF THE STATE OF FLORIDA.

4. For purposes of this Affidavit the term "Environmental Law" shall mean any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the protection of the environment or human health, welfare or safety, or to the emission, discharge, seepage, release or threatened release of Hazardous Materials (as hereinafter defined) into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the handling of such Hazardous Materials. For purposes of this Affidavit the term "Hazardous Materials" shall mean any contaminant, chemical, waste, irritant, petroleum product, waste product, radioactive material, flammable or corrosive substance, explosive, poly-chlorinated biphenyls, asbestos, hazardous or toxic substance, material or waste of any kind, or any other substance which is regulated by any Environmental Law.

5. As of the date of Seller's conveyance of the Property to BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND OF THE STATE OF FLORIDA, Seller warrants and represents to Purchaser, its successors and assigns that:

(i) Seller has not placed, or permitted to be placed, any Hazardous Materials on the Property and, to the Seller's actual knowledge and after Seller's review of the environmental site assessment prepared by _____, dated _____ (the "ESA"), no other person or entity has placed, or permitted to be placed, any Hazardous Materials on the Property.

(ii) To Seller's actual knowledge and after Seller's review of the ESA, there does not exist on the Property any condition or circumstance which requires or may, in the future, require cleanup, removal or other remedial action or other response under Environmental Laws on the part of Seller or a subsequent owner of all or any portion of the Property or which would subject Seller or a subsequent owner of all or any portion of the Property to liability, penalties, damages or injunctive relief.

(iii) To the Seller's actual knowledge and after Seller's review of the ESA, no underground treatment, buried, partially buried or above ground storage tanks, storage vessels, sumps, drums, containers, water, gas or oil wells, or landfills are or have ever been located on the Property.

(iv) Seller, and to Seller's actual knowledge and after Seller's review of the ESA, any other person or entity that has owned, occupied or possessed the Property, has never violated, and is presently in compliance with, all Environmental Laws applicable to the Property.

(v) No warning notice, notice of violation, administrative complaint, judicial complaint or other formal or informal notice has been issued by any federal, state or local environmental agency alleging that conditions on the Property are in violation of any Environmental Law.

(vi) Seller is not subject to any judgment, decree, order or citation related to or arising out of Environmental Laws, and Seller has not been named or listed as a potentially responsible party by any governmental body or agency in a matter arising under any Environmental Law.

6. That Seller makes this Affidavit for the purpose of inducing Purchaser to purchase the Property, and Seller acknowledges that Purchaser will rely upon the representations and warranties set forth in this Affidavit.

The Nature Conservancy

By: _____
Its: _____

STATE OF _____)

COUNTY OF _____)

SWORN TO and subscribed before me this _____ day of _____, 2006, by
_____. Such person(s) (Notary Public must check applicable box):

- is/are personally known to me.
- produced a/their current driver license(s).
- produced _____ as identification.

(NOTARY PUBLIC SEAL)

Notary Public

(Printed or Stamped Name of Notary Public)

Commission No.: _____

My Commission Expires: _____

ADDENDUM
BENEFICIAL INTEREST AND DISCLOSURE AFFIDAVIT
(CORPORATION/PARTNERSHIP)

Before me, the undersigned authority, personally appeared Maria Melchiori ("affiant"), this _____ day of November, 2006, who, first being duly sworn, deposes and says:

1) That affiant is the Chief Operating Officer of The Nature Conservancy, as "Seller", whose address is 222 South Westmonte Drive, Suite 300, Altamonte Springs, Florida 32714, and in such capacity has personal knowledge of the matters set forth herein and has been duly authorized by Seller to make this affidavit on Seller's behalf. At the date of closing the Seller will be the record owner of the Property. As required by Section 286.23, Florida Statutes, and subject to the penalties prescribed for perjury, the following is a list of every "person" (as defined in Section 1.01(3), Florida Statutes) holding 5% or more of the beneficial interest in the disclosing entity: (if more space is needed, attach separate sheet)

<u>Name</u>	<u>Address</u>	<u>Interest</u>
The Nature Conservancy	222 S. Westmonte Drive Suite 300 Altamonte Springs, FL 32714	100%

The Nature Conservancy is a nonprofit District of Columbia corporation exempt from Federal taxation under Section 501 (c) (3) of the Internal Revenue Code organized for the purpose of preserving and protecting natural diversity. None of the members of its Board of Governors, Trustees, or officers will personally receive any monetary compensation from, or hold a beneficial interest related to this transaction.

2) That to the best of the affiant's knowledge, all persons who have a financial interest in this real estate transaction or who have received or will receive real estate commissions, attorney's or

consultant's fees or any other fees or other benefits incident to the sale of the Property are: (if non-applicable, please indicate "None" or "Non-Applicable")

<u>Name</u>	<u>Address</u>	<u>Reason for Payment</u>	<u>Amount</u>
Tallahassee Title Group, LLC	1407 Piedmont Dr. E. Tallahassee, FL 32308	Title Insurance	\$68,328.00

3) That, to the best of the affiant's knowledge, the following is a true history of all financial transactions (including any existing option or purchase agreement in favor of affiant) concerning the Property which have taken place or will take place during the last five years prior to the conveyance of title to the State of Florida: (if non-applicable, please indicate "None" or "Non-Applicable")

<u>Name and Address of Parties Involved</u>	<u>Date</u>	<u>Type of Transaction</u>	<u>Amount of Transaction</u>
Avatar Properties, Inc. 201 Alhambra Circle 12th Floor Coral Gables, FL 33134 (SELLER)	10/20/06	Contract	\$76,245,000
The Nature Conservancy 222 S. Westmonte Dr., #300 Altamonte Springs, FL 32714 (PURCHASER)			

This affidavit is given in compliance with the provisions of Sections 286.23, 375.031(1), and 380.08(2), Florida Statutes.

AND FURTHER AFFIANT SAYETH NOT.

AFFIANT


 Maria Melchiori

STATE OF FLORIDA)

COUNTY OF SEMINOLE)

SWORN TO and subscribed before me this 1st day of Nov., 2006, by Maria Melchiori. Such person(s) (Notary Public must check applicable box):

- is/are personally known to me.
- produced a current driver license(s).
- produced _____ as identification.

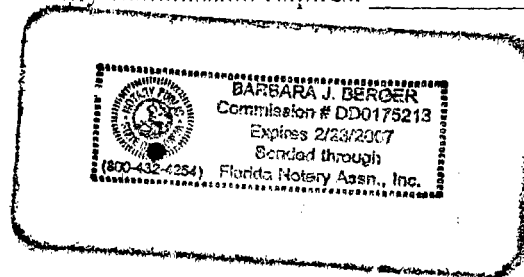
(NOTARY PUBLIC SEAL)

Barbara J. Berger
Notary Public

(Printed or Stamped Name of Notary Public)

Commission No.: _____

My Commission Expires: _____



ADDENDUM
(CORPORATE/NON-FLORIDA)

A. At the same time that Seller submits the closing documents required by paragraph 9. of this Agreement, Seller shall also submit the following to DSL:

1. Corporate resolution that authorizes the sale of the Property to Purchaser in accordance with the provisions of this Agreement and a certificate of incumbency,
2. Certificates of good standing from the Secretary of State of the State of Florida and the District of Columbia, and
3. Copy of proposed opinion of counsel as required by paragraph B. below.

B. As a material inducement to Purchaser entering into this Agreement and to consummate the transaction contemplated herein, Seller covenants, represents and warrants to Purchaser as follows:

1. The execution of this Agreement and the performance by Seller of the various terms and conditions hereof, including, without limitation, the execution of all agreements, notices and other documents hereunder, have been duly authorized by the requisite corporate authority of Seller.
2. Seller is a corporation duly organized, validly existing and in good standing under the laws of the District of Columbia and is duly licensed and in good standing and qualified to own real property in the State of Florida.
3. This Agreement, when executed and delivered, will be valid and legally binding upon Seller and enforceable in accordance with its terms and neither the execution of this Agreement and the other instruments to be executed hereunder by Seller, nor the performance by Seller of the various terms and conditions hereto will violate the Articles of Incorporation or By-Laws of Seller, nor will they constitute a breach or default under any agreement, indenture or other instrument to which Seller is a party or by which Seller is bound.

At the closing, Seller shall deliver to Purchaser an opinion of counsel from an attorney licensed to practice law in the State of Florida and an active member in good standing with the Florida Bar, to the effect that the covenants, representations and warranties contained above in this paragraph B. are true

and correct as of the closing date. In rendering the foregoing opinion, such counsel may rely as to factual matters upon such other documents as counsel may deem necessary and advisable.

SELLER

PURCHASER

THE NATURE CONSERVANCY

BOARD OF TRUSTEES OF THE INTERNAL
IMPROVEMENT TRUST FUND OF THE
STATE OF FLORIDA

BY: Maria Melchiori
MARIA MELCHIORI
ITS: CHIEF OPERATING OFFICER
(CORPORATE SEAL)

BY DIVISION OF STATE LANDS OF THE
FLORIDA DEPARTMENT OF
ENVIRONMENTAL PROTECTION

53-0242652
F.E.I.N.

BY: _____

11/01/06
Date Signed by Seller

NAME: _____
AS ITS: _____

Phone No. 407-682-3664
8 a.m. - 5 p.m.

Date signed by Purchaser

BOARD OF COUNTY COMMISSIONERS
OF MARION COUNTY, FLORIDA

BY: _____
NAME: _____
AS ITS: _____

Date signed by Purchaser

ADDENDUM
(IMPROVEMENTS/PURCHASER)

A. Radon Gas. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit. This notice is being provided in accordance with Section 404.056(5), Florida Statutes. Purchaser may, at its sole cost and expense, have the buildings that will remain on the Property inspected and tested for radon gas or radon progeny by a qualified professional properly certified by the Florida Department of Health and Rehabilitative Services. If radon gas or radon progeny is discovered, Purchaser shall have the option to either: (a) accept the Property as it then is with no reduction in the Purchase Price or (b) extend the Option Expiration Date, during which time Seller shall eliminate said radon gas or radon progeny from the Property or (c) terminate this Agreement, thereupon releasing Purchaser and Seller from all further obligations under this Agreement.

B. Wood Destroying Organisms Inspection Report. Purchaser may, at its sole cost and expense, obtain a Wood Destroying Organisms Inspection Report made by a state licensed pest control firm showing the buildings that are to remain on the Property to be visibly free of infestation or damage by termites or other wood-destroying pests. If the report shows such infestation or damage, Purchaser shall have the option to either: (a) accept the Property as it then is with no reduction in the Purchase Price or (b) extend the Option Expiration Date, during which time Seller shall eliminate such infestation and repair such damage to the satisfaction of DSL, in its sole discretion, or (c) terminate this Agreement, thereupon releasing Purchaser and Seller from all further obligations under this Agreement.

C. Maintenance of Improvements. Purchaser may, at its expense, have inspections made of said items by licensed persons dealing in the repair and maintenance thereof. If the inspection reveals that any of the improvements that will remain on the Property are in need of repair, Purchaser shall have the option to either: (a) accept the Property as it then is with no reduction in the Purchase Price or (b) terminate this Agreement, thereupon releasing Purchaser and Seller from all further obligations under this Agreement.

Signatures begin on the next page

SELLER

THE NATURE CONSERVANCY

Maria Melchiori
By: MARIA MELCHIORI
As its: CHIEF OPERATING OFFICER

11/01/06
Date signed by Seller

PURCHASER

BOARD OF TRUSTEES OF THE INTERNAL
IMPROVEMENT TRUST FUND OF THE
STATE OF FLORIDA

By: _____
NAME: _____
DIVISION OF STATE LANDS,
DEPARTMENT OF ENVIRONMENTAL
PROTECTION, as agent for and on behalf of the
Board of Trustees of the Internal Improvement
Trust Fund of the State of Florida

Date signed by Purchaser

BOARD OF COUNTY COMMISSIONERS OF
MARION COUNTY, FLORIDA

BY: _____
NAME: _____
AS ITS: _____

Date signed by Purchaser

ATTACHMENT B

2nd Substitute Item 4 TNC Purchase Agreement/Avatar/Florida First Magnitude Springs Florida Forever Project

REQUEST: Consideration of an agreement for sale and purchase to acquire 4,471.11 acres within the Florida First Magnitude Springs Florida Forever project from The Nature Conservancy.

COUNTY: Marion

LOCATION: Sections 12-14, 22-27 and 36, Township 14 South, Range 22 East; and Sections 7, 18 and 19, Township 14 South, Range 23 East.

CONSIDERATION: \$76,345,000 (\$76,245,000 for the acquisition, plus \$100,000 to The Nature Conservancy for overhead costs. In addition, direct expenses and holding costs associated with the purchase will be reimbursed to The Nature Conservancy by the Board of Trustees, with the total cost not to exceed the approved value of \$78,245,000.) Marion County will contribute \$2,000,000 towards the Board of Trustees purchase price, and will additionally reimburse The Nature Conservancy up to \$500,000 in costs incurred by The Nature Conservancy in connection with its purchase of the entire property from Avatar.

PARCEL	ACRES	APPRAISED BY:		APPROVED VALUE	SELLER'S PURCHASE PRICE	TRUSTEES' PURCHASE PRICE	CLOSING DATE
		Benson (05/17/06)	Catlett (05/17/06)				
TNC-Phase I	2,677.57			\$45,245,000	\$45,245,000	\$45,245,000**	12/22/06
TNC-Phase II	1,793.54			\$33,000,000	\$31,000,000	\$31,000,000	07/25/07
TOTAL	4,471.11	\$76,000,000	\$78,245,000	\$78,245,000	\$76,245,000*	\$76,245,000*** (97.4%)	

- * TNC will purchase from Avatar Properties, Inc. on December 22, 2006. Avatar Properties, Inc. acquired the property under its former name, GAC Properties, Inc., which was also known as Gulf America Corporation, in 1970.
- ** Includes a \$2,000,000 contribution from Marion County toward the Board of Trustees' purchase price of Phase I.
- *** \$17,053 per acre.

Noted Features of Subject Property:

Total property acreage is 4,471.11, including 4,322.11 acres of uplands (96.7%).
 The parcel has multiple paved county road frontages, including CR 326, Burbank Road, and others.
 The property is a "Vested Rights" project, with vesting for multiple land uses over 3,665 acres comprised of the Ocala Springs Plats. Vested uses include various residential densities, commercial and industrial land uses, plus government and preserve/buffer/trail uses. Current vesting includes 9,786 residential entitlements and 860,000 ft² of commercial use and golf course.

STAFF REMARKS: The Florida First Magnitude Springs project is an "A" group project on the Florida Forever Full Fee Project List approved by the Board of Trustees on August 15, 2006. The project contains 13,980 acres, of which 1,721 acres have been acquired or are under agreement to be acquired. If the Board of Trustees approves this agreement, 7,787.89 acres, or 56 percent of the project, will remain to be acquired.

Pursuant to a multi-party acquisition agreement (MPAA) entered into between the Department of Environmental Protections' (DEP) Division of State Lands (DSL) and The Nature Conservancy (TNC), TNC has acquired an option agreement for this 4,471.11-acre parcel from Avatar Properties, Inc. If this item is approved, the Board of Trustees will acquire the property from TNC for a purchase price that is the sum of TNC's expenses, to include: (1) the

2nd Substitute Item 4, cont.

purchase price TNC pays Avatar Properties, Inc. (Avatar); (2) approved direct expenses associated with the purchase of the parcel; (3) holding costs not to exceed 0.022 percent of TNC's acquiring price plus direct expenses per day beginning on the day that TNC acquires fee title to the parcel and ending on the day before TNC conveys title to the parcel to the Board of Trustees; and (4) TNC overhead, pursuant to the MPAA, not to exceed \$100,000 plus direct expenses and holding costs associated with the purchase will be reimbursed to TNC, with the total cost not to exceed the approved value of \$78,245,000. In no event will the Board of Trustees' purchase price exceed the approved value of \$78,245,000.

TNC is purchasing the entire 4,471.11-acre tract from Avatar for \$76,245,000. If approved, the Board of Trustees will purchase this 4,471.11-acre tract from TNC in two phases. Phase I contain 2,677.57 acres, and is being purchased for \$45,245,000, which includes Marion County's \$2,000,000 contribution towards the Board of Trustees' purchase price. Phase II contains 1,793.54 acres and is being purchased for up to \$33,000,000, which includes the \$100,000 to TNC for overhead costs, plus TNC's direct costs and holding expenses, pursuant to the MPAA.

In addition to contributing \$2,000,000 towards the Board of Trustees' purchase price of Phase I, Marion County will, pursuant to the agreement for sale and purchase, reimburse TNC for \$500,000 in closing costs incurred by TNC at the time of TNC's closing on the entire property from Avatar. The Marion County Board of County Commissioners unanimously approved this agreement at its November 7, 2006 meeting.

All mortgages and liens will be satisfied at the time of closing. There is an abandoned recreational vehicle park in Section 18, Township 14 South, Range 23 East, and there are oil, gas, mineral and phosphate reservations on some of the lots in the Silver Springs Park Addition subdivision, located in the northeast one-quarter of Section 26, Township 14 South, Range 22 East, and Ocala Springs Unit 5 in Sections 25, 26, and 36, which are owned by the U.S. government. According to the appraisers, these are too small to mine, and do not have access. The subject parcel (less a 10-acre portion located along N.E. 35th Street in the Marion County Regional Utilities service area) is located within the Ocala Springs Utilities, Inc. (OSUI) service area. This utility is a wholly-owned subsidiary of Avatar, exists only on paper (no permits, leases, easements, etc. have been secured), and is not currently a functioning utility. The Public Service Commission will present an item to its board on December 19, 2006, recommending that Avatar's utility certificates be canceled upon closing between TNC and Avatar. An amendment has been added to the contract between Avatar and TNC to further protect the Board of Trustees. The amendment requires Avatar to escrow funds to handle the cost of terminating the certificates in the event they are not terminated prior to the closing date. The seller further agrees neither it nor its subsidiary, OSUI, shall exercise any rights under the certificates, and further agrees to indemnify and hold harmless and defend both TNC and its assigns (Board of Trustees) against any and all liabilities, from or related to the certificates. There are several ingress/egress and utility/powerline easements on the property. There is a small house that is rented and the lease has been terminated and Avatar has started proceedings to ensure that the house will be vacated prior to closing. These conditions were considered by

2nd Substitute Item 4, cont.

the appraisers. There is an agricultural lease for cattle, hay cutting and peanuts with Swift Agrisales, Inc. that encumbers 3,800 acres. This lease will terminate on June 30, 2007, and was also considered by the appraisers. The Board of Trustees may be purchasing the property subject to this lease, or this lease will be replaced with a use agreement for a term of no longer than five years, subject to approval by DSL and DOF. There are seven recorded subdivisions, along with 9,786 residential entitlements and 860,000 square feet approved for commercial uses and golf course. The appraisers also considered this in the appraisals, and staff will vacate the plats as deemed necessary during the closing process, with the exception that the Silver Springs Park Addition and a portion of NE 49th Street subdivision will not be vacated. This subdivision does not need to be vacated because the roads in this subdivision are not public roads. The agreement for sale and purchase with TNC allows for Avatar to exchange not more than 15 acres adjoining a 39-acre out parcel in Section 23 for approximately 15 acres (42 lots) within the Silver Springs Park Addition subdivision. This, too, will be subject to the approval of DSL and DOF. DOF is willing to accept management responsibility for the property with all of the above conditions, with the understanding that these conditions will change to allow for the protection and management of the forest resources through a stewardship ethic to assure these resources will be available for future generations. On June 22, 1999, the Board of Trustees approved a staff recommendation to delegate to DEP the authority to review and evaluate marketability issues as they arise on all chapter 259, F.S., acquisitions and to resolve them appropriately. Therefore, DEP staff will review, evaluate, and implement an appropriate resolution for these and any other title issues that arise prior to closing.

A title insurance policy, a survey, and an environmental site evaluation will be provided by the purchaser prior to closing.

Silver Springs is considered by most experts to be one of the largest artesian springs in the United States. Fossils and artifacts have been found in the area that indicates Indigenous people have inhabited Silver Springs for over 10,000 years. Visitors and scientists have been coming to visit the springs for well over 150 years to view a rare and unique geological formation - one of the largest first magnitude springs in the United States. In the 1800's, a hotel and railroad located near the world-famous springs provided amenities for visitors. These visitors came to look 85 feet down to view the spring's bottom, where 530 million gallons of water flowed each day down the four-mile Silver River run. In fact, over 800 million gallons have been recorded daily in periods of high flow. The property is so unique that many feature films have been made at Silver Springs, including "Creature from the Black Lagoon", and the "Sea Hunt" series, starring Lloyd Bridges.

The Floridan aquifer is highly permeable, as evidenced by the presence of Silver Springs just to the south of the site. Silver Springs is one of the State's many first-magnitude springs, and is heavily impacted by land uses within its springshed. Research suggests that weathered and karstic limestone, the Eocene Ocala Limestone, is just below 15 to 30 feet of sand and clay. The Ocala Limestone lies at or near the land surface in the northern third of the site, with sand and clay covering the remaining two-thirds of the site. In areas where the limestone is near

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land surface, sinkholes are likely, and there is a minimum of sand and clay as a slight barrier preventing contaminants from penetrating the limestone.

The subject property is critical to the health and water quality of Silver Springs. It is believed that ground water at the site has the potential to reach Silver Springs within a relatively short time (less than two to five years). The property also contains thirteen known sinkholes.

The site has been determined to be karstic, and in addition to the thirteen known sinkholes has buried ancient sinkholes and other karst features. These features have the potential for rapidly conducting recharge water to the aquifer. The entire site is vulnerable to sinkhole activity which would allow nutrient leaching from the surface if contaminants were present.

Silver Springs is dependent upon a sufficient quality and quantity of water to function. In recent years, both the quantity of water and quality has diminished through new wells and septic tanks within the recharge area. This property is a vested subdivision that included up to 11,000 homes. These homes would have substantial water and wastewater needs. This acquisition will allow these 4,471.11 acres proposed for acquisition to continue to act as a pristine recharge area for Silver Springs.

The Florida Natural Areas Inventory (FNAI) has found that, "This site appears to be located within a significant region of natural areas and habitat for several rare species." According to the FNAI report, the property includes sandhill, basin swamp, depression marsh, xeric hammock, upland mixed forest, wet prairie, mesic flatwoods, and floodplain swamp and pine flatwood communities. FNAI identified many rare and threatened species on the site, including Florida black bear, bald eagle, and the eastern indigo snake. Additionally, gopher tortoise, Sherman fox squirrel, Florida pine snake and American alligator have been observed by others on the property. Numerous Indian mounds exist on the property, and Indian artifacts have been found.

This property, along with Silver Springs, is in relatively close proximity to numerous conservation areas, including Silver River State Park, Marjorie Harris Carr Cross Florida Greenway, Etoniah/Cross Florida Greenway Florida Forever Project, Heather Island/Oklawaha River Florida Forever Project and the Ocala National Forest.

Large springs of clear, continuously flowing water are among Florida's most famous and important natural and recreational resources. The cavernous, water-filled rocks of the Floridan Aquifer supply the largest springs. By preserving land around three of the largest springs, public acquisition of this project will protect them - and the Floridan Aquifer - from the effects of commercial, residential, and agricultural runoff, clear-cutting and mining, and unsupervised recreation. This project will allow Floridians and visitors from all over the world to be able to enjoy these springs for years to come.

The property will be managed by DOF as a new state forest. Based on a cursory review of the property, DOF anticipates possible development/improvement on four parcels, totaling

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approximately 65 acres, for management office space, ranger housing, work center sites, etc. These four parcels already include some existing improvements, and it is DOF's opinion that these four parcels do not lend themselves for management as state forest. Should the conditions not facilitate the protection, management, and responsible public access of and to

the forest resources, DOF may recommend in the future that these four parcels be considered for surplus/disposal, at which time this matter will be brought back to the Board of Trustees for further consideration and approval.

This acquisition is consistent with section 187.201(9), F.S., the Natural Systems and Recreational Lands section of the State Comprehensive Plan.

(See Attachment 4, Pages 1-93)

RECOMMEND APPROVAL

Substitute Item 5 Destin Beach, Inc. Lease

DEFERRED FROM THE AUGUST 1, 2006 CABINET MEETING

REQUEST: Consideration of an application for a five-year standard term sovereignty submerged land lease containing 34,025 square feet, more or less, for a proposed commercial cargo loading/offloading facility associated with an upland revenue-generating cargo operation.

COUNTY: St. Lucie
 Lease No. 560337016
 Application No. 56-0129409-004

APPLICANT: Destin Beach, Inc.

LOCATION: Section 03, Township 35 South, Range 40 East, in the Indian River Lagoon, Class III Waters, within the local jurisdiction of the city of Fort Pierce and St. Lucie County
 Aquatic Preserve: No
 Outstanding Florida Waters: No
 Designated Manatee County: Yes, with an approved manatee protection plan
 Manatee Aggregation Area: No
 Manatee Protection Speed Zone: Yes, idle speed year-round

CONSIDERATION: \$5,848.05, representing the initial annual lease fee computed at the base rate of \$0.1375 per square foot and including the initial 25 percent surcharge payment. Sales tax and county discretionary sales surtax will be assessed pursuant to sections 212.031 and 212.054, F.S., if applicable.