



AGENDA ITEM SUMMARY

Submitted For:

Recommended By:  1/16/07
Department Director Date

Approved By:  1/22/07
County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2004	2005	2006	2007	2008
Capital Expenditures					
Operating Costs					
External Revenues (Grants)					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT					
# ADDITIONAL FTE POSITIONS (Cumulative)					

Is Item Included in Current Budget? Yes _____ No _____
Budget Account No: Fund _____ Department _____ Unit _____ Object _____
Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

There is no fiscal impact associated with this item. Under staff recommendations existing rent of approximately \$75,000 per year will be payable to the County through the term of the lease. Any negotiated settlement to terminate the Lease will be returned to the Board for review and approval.

C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

OFMB
1-19-07
1-23-07
1-18-07
1-18-07

Contract Dev. and Control 1/26/07

B. Legal Sufficiency:

Assistant County Attorney

C. Other Department Review:

Department Director

REVISED 9/03
ADM FORM 01
(THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT)

(Background and Policy Issues Cont'd) Staff believes it is reasonable to deny approval of assignment of the Lease. The property is not large enough to accommodate a stand alone FBO operation and would be inconsistent with the General Aviation Minimum Standards adopted for the Palm Beach International Airport. Although the property will be required for an aeronautical use in the future, staff believes that the proposed assignment is inconsistent with development plans for Palm Beach International Airport and provides for new terms and conditions that are unacceptable to the Department. Voluntary termination of the Lease will give the County the opportunity to determine the most efficient use for the property in the future.

CONTRACT FOR THE PURCHASE AND SALE OF LEASEHOLD INTEREST

THIS CONTRACT (the "Contract") is made this 7 day of ~~November~~^{December} 2006 by and between DEZER DEVELOPMENT, LLC, a Florida limited liability company (hereinafter called "Buyer"), and 94th AERO SQUADRON OF WEST PALM BEACH, INC., a Florida corporation (hereinafter called "Seller").

WITNESSETH:

For and in consideration of the mutual covenants contained herein, and other good and valuable considerations, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Purchase & Sale. Subject to the terms and conditions set forth herein, Buyer agrees to purchase, and Seller agrees to sell the leasehold interest of Seller under that certain Lease Agreement dated June 19, 1979, as amended by that certain First Amendment to the Lease Agreement dated November 28, 1989 and that certain Second Amendment to the Lease Agreement dated August 18, 1998 (collectively, the "Lease"), between Seller and the County (the "County") of Palm Beach, pertaining to Premises (the "Premises") described therein, including any existing structures, fixtures and improvements thereon owned by Seller in their current "as is / where is" condition (collectively the "Leasehold Interest") (but excluding all furniture, fixtures, equipment and personal property located thereon).
2. Earnest Money. On or before three business days after mutual execution and exchange of this Contract, Buyer shall deposit by wire transfer One Hundred Twenty Thousand Dollars (\$120,000) (the "Initial Earnest Money") with First American Title with offices at 1450 Centrepark Boulevard, West Palm Beach, FL 33401 Telephone (561) 686-8337 (the "Escrow Agent"), which shall act as escrow agent for the parties in carrying out the terms of this Contract. In the event that the Buyer does not terminate this Contract during the Due Diligence Period, then on or before the last day of the Due Diligence Period Buyer shall deposit an additional One Hundred Twenty Thousand Dollars (\$120,000) with Escrow Agent (hereinafter called "Additional Earnest Money"). All Earnest Money shall be held in an interest bearing account, and shall be applied to the purchase price of the Leasehold Interest upon successful closing. Interest earned on the Earnest Money will be for the benefit of Buyer.
3. Purchase Price. The purchase price (the "Purchase Price") for the Leasehold Interest shall be One Million Two Hundred Thousand Dollars (\$1,200,000 USD) payable all cash at Closing.
4. Escrow. On or before three business days after mutual execution of this Contract, Buyer shall open an escrow with Escrow Agent by depositing with the Escrow Agent the Initial Earnest Money and a fully signed copy of this Contract mutually executed by the parties (which may be faxed to the Escrow Agent).
5. Title Commitment. Within three (3) business days after the mutual execution of this Agreement, Seller shall deliver to Buyer any existing survey of the Premises as may be in

Seller's possession. Within 15 calendar days of the mutual execution of this Contract, Buyer shall obtain at Buyer's sole cost and expense, including the payment of all examining attorneys' fees, if any, a Commitment for Title Insurance (the "Title Commitment") for an Owner's Policy of Title Insurance (the "Title Policy") from Southeastern Title Services, Inc. on behalf of First American Title (the "Title Company") dated after the date of this Contract, showing good and marketable title vested in Seller, proposing to insure Buyer, and committing to insure the Leasehold Interest with coverage in the amount of the Purchase Price. Buyer, at its option and expense, shall have the right to increase the amount of the title insurance to cover the anticipated cost of any planned improvements for the Leasehold Interest. The Title Commitment shall show all matters affecting title to the Leasehold Interest, including all exceptions, easements, restrictions, right-of-ways, covenants, reservations, encumbrances and other conditions affecting the Leasehold Interest which will appear in the Title Policy, together with legible copies of all recorded documents constituting exceptions under the Title Commitment.

6. Title Objections. No later than end of 20 calendar days from mutual execution of this Contract, Buyer shall give notice to Seller of any matters contained in the Title Commitment to which Buyer objects (and shall give like notice to Seller within five (5) days of receipt of any supplemental title items that may arise during the escrow period that Buyer objects). Any matters in the Title Commitment to which Buyer does not object shall constitute "Permitted Exceptions."

7. Curing Objections. Seller shall have 25 days after its receipt of the notice specified in Section 6 of this Contract to elect to use good faith efforts to cure the objections to the satisfaction of Buyer or cancel this Contract. If Seller gives Buyer notice that Seller cannot or will not cure the objections or if Seller fails to cure the objections within said 25 days, Buyer shall have the right (a) to cure the objections at Buyer's cost, (b) to waive any one or more of the objections and proceed to closing, or (c) to terminate this Contract and receive back all of the Earnest Money (plus interest, if any). In addition, Seller shall, at all times prior to the closing, maintain its Leasehold Interest in good standing through payment of rent and other sums due under the Lease.

8. Investigations. During the Due Diligence Period provided in Section 9 below, Buyer and its authorized agents and representatives shall have the right to enter, upon reasonable advance notice to Seller, upon areas of the Premises of the Leasehold Interest to conduct investigations which Buyer deems prudent, including (without limitation) appraisals; inspections; survey, soil, and other non-destructive tests; engineering, planning and due diligence studies; environmental inspections; a study of the availability of utilities, drainage, access, and sewer facilities; review zoning, investigate, evaluate the leasehold and any other investigations Buyer may reasonably desire to determine the suitability of the Premises and the Leasehold Interest for its intended use. Buyer, in the conduct of its investigation, shall not unreasonably interfere with or disturb Seller's operations on the Premises or cause any damage to the Premises or Leasehold Interest. If any of the foregoing investigations indicate conditions unsatisfactory to Buyer, Buyer shall have the right to terminate this Contract as provided in Section 9 below.

9. Due Diligence Period. The parties to this Contract understand that this transaction will require that Buyer to obtain approval (the "Approvals") from the County of the assignment of the Lease, extension of the Lease term by 25 years and change of use from the

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existing restaurant facility to allow construction and operation of one or more hangars in place of the restaurant facility. Buyer shall have fifteen (15) calendar days to meet with the appropriate County officials and to submit and thereafter diligently pursue during the Due Diligence Period formal approval by the County (and the F.A.A. if and to the extent required) of the Approvals, at Buyer's sole cost and expense. Obtaining the Approvals shall be the sole responsibility and duty of Buyer (however Seller shall cooperate as reasonably requested without any cost or additional liability or expense to Seller).

Buyer shall have until 5:00 p.m. on January 31, 2007 to conduct its due diligent inspections and obtain the Approvals (the "Due Diligence Period").

Buyer shall have the option to extend the Due Diligence Period (and the time for Closing) by up to four (4) additional months by paying to Seller an extension fee equal to \$7,250 outside of escrow per each month of extension, in advance, and Buyer's right of termination shall in any event expire at the end of any such extension period paid for Purchaser. Any extension fee paid by Purchaser shall be non-refundable and non-applicable to the Purchase Price.

If Buyer terminates this Contract for any reason on or before the end of the Due Diligence Period (as may be extended by timely extension payments above), Buyer will be entitled to a full refund of its Earnest Money (along with all interest earned thereon). If Buyer fails to timely terminate this Contract on or before the end of the Due Diligence Period (as extended), then Buyer's Initial Earnest Money deposit of \$120,000 and Additional Earnest Money deposit of \$120,000 shall be immediately released from escrow to Seller as non-refundable (but applicable to the purchase price upon successful escrow closing, except if Seller fails to comply with its obligations hereunder). If thereafter Buyer fails to close for any reason other than Seller refusing to assign the Leasehold Interest to Buyer subject only to the Permitted Exceptions, then all of the released deposits (with all interest earned thereon) shall be considered liquidated damages in favor of Seller and this Contract shall terminate.

10. Representations, Warranties and Covenants of Seller. Seller represents, warrants and covenants to Buyer as follows:

(a) Title and Authority. Seller owns good and marketable title to the Leasehold Interest and Seller has the full power and authority to assign the Leasehold Interest pursuant to the terms of this Contract (subject to the approval of the County per the terms of the Lease).

(b) Zoning. The Premises covered by the Lease are lawfully and properly zoned for the existing uses (Buyer to independently verify all zoning issues during the Due Diligence Period).

11. Closing Date. The closing ("Closing") shall take place at the Title Company's office on a date mutually selected by the parties ("Closing Date") that falls within thirty (30) calendar days after the expiration of the Due Diligence Period (as may be extended above). The parties shall prepare all closing documents in advance to allow for the execution of all closing documents by the authorized representatives of the parties prior to the Closing Date. Neither party shall have the obligation to have an authorized representative physically present at the Closing.

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12. Closing Documents. The following documents or actions shall be delivered or shall occur on the Closing Date:

(a) Assignment of Lease. Seller shall deliver an assignment of the Leasehold Interest executed and acknowledged by Seller and transferring to Buyer good and marketable title to Leasehold Interest (including but not limited to any lease deposit or bond referred to in Paragraph 13(d) below), subject to the Permitted Exceptions. (Buyer shall be responsible to obtain County approval of the assignment prior to Closing.)

(b) Title Policy. Buyer shall obtain, at Buyer's sole cost and expense, an Owner's Policy of Title Insurance issued by the Title Company. The amount of the title insurance shall equal the Purchase Price (plus any additional amount purchased by Buyer) and the title policy insuring Buyer's title to the Leasehold Interest as good and marketable, subject only to (1) the Permitted Exceptions, (2) taxes for the current year and subsequent years, and (3) unrecorded governmental rights and regulations, including (without limitation) building and zoning ordinances.

13. Closing Costs. Seller and Buyer shall allocate and prorate all closing costs as follows:

(a) Taxes. Seller and Buyer shall prorate all property taxes and assessments to the Closing Date. If the Title Company cannot determine the current year's taxes as of the Closing Date, prorations shall be based on the previous year's taxes, with an adjustment between Seller and Buyer when the current year's taxes become known.

(b) Fees and Costs. Buyer shall pay any and all customary closing costs, fees and other charges of the Title Company. Buyer and Seller shall pay their respective attorneys' fees.

(c) Transfer Taxes, Documentary Stamps, and Recording Fees. Buyer shall pay any and all transfer taxes, documentary stamps, and recording fees.

(d) Lease Deposit or Bond. Seller shall be entitled to receive return or credit for any bond, letter of credit or cash deposit in favor of or held by the County securing any performance under the Lease.

14. Possession. On the Closing Date, Seller shall deliver possession of the Premises under Leasehold Interest to Buyer coincident with the closing.

15. No Commissions. Each party represents and warrants to the other that they have not retained any person or entity that has or will have any right to receive any commission or fee as a result of the execution of this Contract or the closing of the sale of the Leasehold Interest. Buyer and Seller covenant and agree that each will defend, indemnify and hold the other harmless from and against all liabilities, claims, demands and actions by third parties for brokerage, commission, finder's or other fees relative to negotiation or execution of

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this Contract, or the purchase and sale of the Leasehold Interest, and any court costs, attorneys' fees or other costs or expenses arising therefrom, alleged to be due to the indemnifying party's acts. Such indemnities shall survive any termination or Closing of this Contract.

16. Default. If Seller breaches this Contract, Buyer's exclusive remedies shall consist of (a) termination of this Contract and, thereafter, the receipt of an immediate refund of the Earnest Money (plus interest, if any) or (b) specific performance of this Contract (without damages). If Buyer breaches this Contract, Seller's exclusive remedy shall consist of the termination of this Contract and, thereafter, the retention of all of the Earnest Money (plus interest, if any) as liquidated damages, not as a penalty, but as reasonable compensation to Seller for damages difficult or impractical to calculate.

17. Prorations of Rent. Escrow Agent shall prorate the rents payable under the Lease to the Closing Date.

18. Assignability. Buyer shall not have any right to assign its interests under this Contract without the prior written consent of Seller, which may be withheld in Seller's sole and absolute discretion. However, Buyer may assign its interests under this Contract without the prior consent of Seller to: (a) the operator of the Galaxy Aviation hangars located at Palm Beach Airport, or (b) a Florida corporation or limited liability company owned, managed and controlled by Michael Dezer and/or members of his immediate family; provided that Michael Dezer shall personally and unconditionally guarantee to Seller under a signed written guarantee delivered to Seller (as a condition precedent to the validity or effectiveness of any such assignment) all the obligations and duties of Buyer under this Contract. The guarantee shall be in a form prepared by and reasonably satisfactory to Seller.

19. Waiver. The failure of a party to insist in any one or more instances on the performance of any term or condition of this Contract shall not operate as a waiver of any future performance of that term or condition.

20. Governing Law. Notwithstanding the place where the parties execute this Contract, the internal laws of Florida shall govern the construction of the terms and the application of the provisions of this Contract.

21. Headings. The headings used in this Contract appear strictly for the parties' convenience in identifying the provisions of this Contract and shall not affect the construction or interpretation of the provisions of this Contract.

22. Binding Effect. This Contract binds and inures to the benefit of the parties and their respective successors, legal representatives, heirs and permitted assigns.

23. Severability. If a court of competent jurisdiction holds any provision of this Contract invalid or ineffective with respect to any person or circumstance, the holding shall not affect the remainder of this Contract or the application of this Contract to any other person or circumstance. If a court of competent jurisdiction holds any provision of this Contract too broad to allow enforcement of the provision to its full extent, the court shall have the power and authority to enforce the provision to the maximum extent permitted by law and may modify the scope of the provision accordingly pursuant to an order of the court.

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24. Amendments. No amendments to this Contract shall become effective or binding on the parties, unless agreed to in writing by all of the parties.

25. Time. Time is of the essence in each and every part of this Contract. Unless otherwise specified, all references to "days" shall mean and refer to calendar days.

26. Holidays and Weekends. If the terms of this Contract provide for the performance of any act or the expiration of any time period on a Saturday, Sunday or federal holiday, the due date or the expiration date shall take place on the next date that is not a Saturday, Sunday or federal holiday.

27. Notice. Except as otherwise provided in this Contract, when this Contract makes provision for notice or concurrence of any kind, the sending party shall deliver or address the notice to the other party by certified mail or hand delivery via a nationally-recognized overnight delivery service, charges prepaid and properly addressed, to the following address, along with a fax copy to the following fax number:

Buyer:

Michael Dezer
Dezer Development, LLC
18001 Collins Avenue, 31st Floor
Sunny Isles Beach, FL 33160
Fax (305) 705-9948

With Copy to:
Joseph Silver
Dezer Development, LLC
18001 Collins Avenue, 31st Floor
Sunny Isles Beach, FL 33160
Fax (305) 705-9948

Seller:

The 94th Aero Squadron
Attn: CEO
8191 East Kaiser Boulevard
Anaheim, CA 92808-2214
Fax: (714) 998-7574

With Copy to:
Specialty Restaurant Corp.
8191 E. Kaiser Blvd
Anaheim, CA 92808-2214
Attn: General Counsel
Fax 714-998-4861

All notices pursuant to the provisions of this Contract shall run from the date that the notice is placed in the United States mail or with the overnight delivery carrier, and when the telecopy transmission is completed by the sending party. Each party may change the party's address by giving written notice to the other party.

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28. Attorneys Fees. Should either Buyer or Seller employ an attorney or attorneys to enforce any of the terms and conditions hereof, or to protect any right, title, or interest created or evidenced hereby, the non-prevailing party in any action pursued in courts of competent jurisdiction shall pay to the prevailing party all reasonable costs, damages, and expenses, including attorneys fees, expended or incurred by the prevailing party.

29. Counterparts. This Contract, and any attachments, may be executed in two (2) or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. The exchange of a fully executed Contract (by signed counterparts or otherwise) by facsimile transmission shall be delivery of originals and sufficient to bind the parties to the terms and conditions of this Contract.

30. Escrow Agent Duties Limitation. In performing any of its duties hereunder, Escrow Agent shall not incur any liability with respect to: (i) any action taken or omitted in good faith; or (ii) any action taken or omitted in reliance upon any notice or instruction relating to this Contract, not only as to the due execution and validity and effectiveness of such writing, but also as to the truth and accuracy of any information contained therein. Buyer and Seller shall and hereby do indemnify, defend and hold harmless Escrow Agent against and in respect of any and all losses, claims, damage, liabilities and expenses, including reasonable costs of investigation and counsel fees and disbursements, which may be imposed upon Escrow Agent or incurred by Escrow Agent hereunder in the performance of its duties hereunder, including any litigation arising from this Contract or involving the subject matter hereof. If Escrow Agent is unable to determine the sufficiency or authenticity of any consent or document delivered to it purportedly to satisfy any of the conditions set forth herein or for any other reason, or if Escrow Agent shall not deem itself able to satisfy its obligations hereunder, or if inconsistent demands are made on Escrow Agent, or if any disputes arise as to the application of the funds and documents held by Escrow Agent, Escrow Agent shall be entitled, with no liability for failure to do so: (a) to tender into the registry or custody of any court of competent jurisdiction any funds held by it, together with such legal pleadings or other documents as Escrow Agent may deem appropriate and thereupon Escrow Agent shall be discharged from all further duties, liabilities and obligations under this Contract; or (b) to retain such funds until resolution of such dispute or inconsistent demands.

Executed as of the day and year first set forth above.

Buyer:

DEZER DEVELOPMENT, LLC

By:

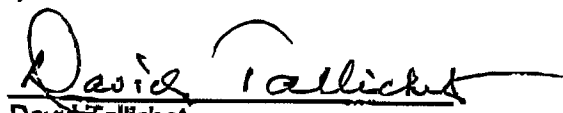
Michael Dezer
Managing Member

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Seller:

**54TH AERO SQUADRON OF WEST PALM
BEACH, INC.**

By:



David Tallichet

Authorized Representative

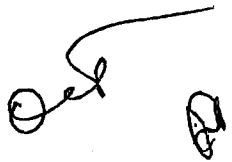
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RECEIPT OF REAL ESTATE PURCHASE CONTRACT AND EARNEST MONEY

The undersigned hereby acknowledges its receipt of the foregoing Contract and the Earnest Money in the amount of \$120,000.00 in the form of a wire transfer of immediately available funds. The undersigned shall hold the Earnest Money in escrow in accordance with the terms of the Contract. The undersigned promptly shall notify Seller and Buyer if the undersigned does not carry out those instructions for any reason.

First American Title

By: _____
Name: _____
Title: _____
Dated: _____



DEC. 11. 2006 12:42PM

SPECIALTY RESTAURANTS

NO. 5920 P. 1

SPECIALTY RESTAURANTS CORPORATION



VIA FAX (561) 471-7427

December 11, 2006

Mr. Bruce Pelley
Director
West Palm Beach International Airport
West Palm Beach, FL 33406-1491

Re: 391st Bomb Group Restaurant

Dear Mr. Pelley,

Several months ago, you indicated that the Airport would prefer to have a FBO use rather than a restaurant use at the site of our 391st Bomb Group Restaurant. Thus, on September 29, 2006, our company entered into the Option Agreement with Dezer Development, LLC ("Dezer") which wanted to purchase the site for use as a FBO (a copy of the signed Option Agreement is attached as Exhibit A).

On October 9, 2006, Dezer exercised its option to purchase our leasehold (a copy of the Dezer letter dated October 9, 2006 is attached as Exhibit B).

Thereafter, on October 23, 2006, our general counsel (Dennis Stahl) drafted and sent the first draft of the purchase contract to counsel for Dezer (a copy of the fax transmittal dated October 23, 2006 and the draft contract are attached as Exhibit C).

On November 3, 2006, comments were received back from counsel for Dezer on the contract (a copy of the fax transmittal dated November 3, 2006 and their comments on the contract are attached as Exhibit D).

Various telephonic negotiations occurred between counsel for the parties in order to iron out the remaining issues and provisions of the purchase contract. The final version of the "Contract for the Purchase and Sale of Leasehold Interest" was signed by Dezer on December 8, 2006, and the counterpart signed and returned by our company on December 11, 2006 (a copy of their fax transmittal dated December 8, 2006 is attached as Exhibit E and our fax transmittal dated December 11, 2006 with the fully executed Contract are attached as Exhibit F).

8191 East Kaiser Boulevard, Anaheim, CA 92808
Telephone (714) 279-6100 FAX (714) 998-7574 (Executive) FAX (714) 998-4861 (Legal/Finance) FAX (714) 998-4962 (Accounting & Others)
FAX (714) 998-8496 (Purchasing) FAX (714) 998-7609 (Construction)

DEC. 11. 2006 12:42PM

SPECIALTY RESTAURANTS

NO. 5920 P. 2

We are sharing this history of our transaction so you will understand that our company had a binding commitment to Dezer since September 29, 2006 for the sale of the leasehold at a price of \$1.2 million.

If you have any questions concerning this transaction, please do not hesitate to call me.

Again, I apologize for not meeting with you in person this morning, however, I needed to first sign and return the Contract to Dezer which my office received late Friday afternoon while I was out of town.

Sincerely yours,
94th Aero Squadron of West Palm Beach, Inc.


David C. Tallichet

David C. Tallichet
Specialty Restaurants Corporation
8191 East Kaiser Boulevard
Anaheim, CA 92808

December 14, 2006

RE: Lease Agreement between Palm Beach County and Specialty Restaurants Corporation/94th Aero Squadron of West Palm Beach

Dear Mr. Tallichet:

This letter is response to your correspondence of December 11, 2006. It is clear from your letter that you have clearly misunderstood, or that you are intentionally attempting to mischaracterize, our prior conversations regarding the Lease Agreement between Palm Beach County and Specialty Restaurants Corporation/94th Aero Squadron of West Palm Beach ("Specialty Restaurants") dated June 19, 1979 as amended (the "Lease").

In recent conversations, you had indicated that you desired to extend the term of the Lease. I told you that Department of Airports would not support an extension of the Lease because it is our intent to convert the use of the property to aeronautical use upon the expiration of the Lease. I in no way suggested that I would prefer the site to be used for a stand alone fixed base operator ("FBO") operation during any conversation with you. In fact, I specifically advised you that I would not support such an operation on Specialty Restaurant's leasehold during our last conversation on December 11. The property is not large enough to accommodate a stand alone FBO operation and would not comply with the County's General Aviation Minimum Standards for Palm Beach International Airport.

In November, I met with Michael Dezer, owner of Dezer Properties/co-developer of Trump Grande, and Joseph Silver, General Counsel with Trump Grande, at Mr. Dezer's request to discuss the status of the property. During the meeting, Mr. Dezer indicated that he desired to use the property for private hangar development, not a FBO operation, and that he had a contract with Specialty Restaurants for the assignment of the Lease. I requested a copy of the assignment, which was never provided to me, and reminded him that an assignment of the Lease would require the County's prior written consent. I advised him that the Department would recommend the approval of an assignment of the Lease for restaurant use for the remainder of the existing term to the Board of County Commissioners.

December 14, 2006
David C. Tallichet
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I have also reviewed the Contract for Purchase and Sale of Leasehold Interest (the "Contract") that you provided to me on December 11th, between Dezer Development, LLC, and the 94th Aero Squadron of West Palm Beach, Inc. which contemplates the assignment of Specialty Restaurant's leasehold interest to Dezer Development for \$1.2 million dollars.

I was surprised to see that a condition of the Contract requires the Buyer to obtain "the approval (the "Approvals") from the County of the assignment of the Lease, extension of Lease term by 25 years and a change of use from the existing restaurant facility to allow construction and operation of one or more hangars in place of the restaurant facility." As you know, the existing lease is for the "sole purpose of constructing, operating, equipping, furnishing and operating a restaurant and cocktail lounge thereon, and for purposes incidental thereto, and for no other purposes whatsoever." Assuming Specialty Restaurants exercises its option to extend the term of the Lease, the Lease would end in 2019. As I am certain that you are aware, the County is under no obligation whatsoever to approve a change in use or lease extension as part of an assignment of Specialty Restaurants' leasehold interest. While I do not have the delegated authority to approve or disapprove of the assignment of the Lease, I intend to strongly recommend to that the Board of County Commissioners withhold approval of the proposed assignment.

Obviously, a lease that has a term in excess of 35 years for an aeronautical use on an airport is more valuable than a lease for a restaurant that ends in less than 12 years; therefore, it is clear that Specialty Restaurants is attempting to sell a leasehold interest that it does not own in order to increase its profit on the sale of the Lease. I cannot in good conscience support this arrangement.

You should also note that the Department has received no information whatsoever regarding the proposed assignee, including its financial capability or experience.

Notwithstanding the foregoing, I would be willing to recommend approval of an assignment of Specialty Restaurants' existing leasehold interest for restaurant use for the remainder of the existing term to the Board of County Commissioners; provided that sufficient information is provided to the Department to determine that the proposed assignee is financially responsible and can meet all of the obligations under the Lease. I would also recommend negotiating the termination of the Lease to the Board of County Commissioners if you desire to terminate the Lease to avoid paying any future rental payments. Specialty Restaurants also has the option of continuing to operate the restaurant in accordance with the requirements of the Lease.

December 14, 2006
David C. Tallichet
Page 3

Finally, I would like to reiterate my position on the closure of the restaurant since your recent letters seem to indicate that you have misunderstood my position on various issues. While I told you that I could not stop Specialty Restaurants from closing the restaurant during our initial conversation regarding the closure of the restaurant, I subsequently reviewed the Lease and advised you that the Lease requires that a restaurant and cocktail lounge be operated "between the hours of 4:00 P.M. to 12:00 P.M. (midnight), not less than 360 days per calendar year, and between the hours of 11:00 A.M. to 12:00 P.M. (midnight) not less than 300 days per calendar year." As we have discussed, I do not have the authority to waive requirements of the Lease on behalf of the Board of County Commissioners; therefore, approval of the Board of County Commissioners is still required for closure of the restaurant.

I intend on placing the Contract on a future agenda for consideration by the Board of County Commissioners with a recommendation to withhold approval of the proposed assignment. If you wish to provide any further information regarding the proposed assignment or assignee, please provide the information to me as soon as possible so that it may be reviewed by the Department and included as part of the agenda item.

Sincerely,

Bruce V. Pelly, Director
Department of Airports

cc: Addie L. Greene, Chairperson, and Members of the Board of County
Commissioners
Robert Weisman, County Administrator
Laura Beebe, Assistant County Attorney

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

Addie L. Greene, Chairperson
Jeff Koons, Vice Chair
Karen T. Marcus
Warren H. Newell
Mary McCarty
Burt Aaronson
Jess R. Santamaria

fw
COUNTY ADMINISTRATOR
Robert Weisman

DEPARTMENT OF AIRPORTS



David C. Tallichet
Specialty Restaurants Corporation
8191 East Kaiser Boulevard
Anaheim, CA 92808

December 14, 2006

RE: Lease Agreement between Palm Beach County and Specialty Restaurants Corporation/94th Aero Squadron of West Palm Beach

Dear Mr. Tallichet:

This letter is response to your correspondence of December 11, 2006. It is clear from your letter that you have clearly misunderstood, or that you are intentionally attempting to mischaracterize, our prior conversations regarding the Lease Agreement between Palm Beach County and Specialty Restaurants Corporation/94th Aero Squadron of West Palm Beach ("Specialty Restaurants") dated June 19, 1979 as amended (the "Lease").

In recent conversations, you had indicated that you desired to extend the term of the Lease. I told you that Department of Airports would not support an extension of the Lease because it is our intent to convert the use of the property to aeronautical use upon the expiration of the Lease. I in no way suggested that I would prefer the site to be used for a stand alone fixed base operator ("FBO") operation during any conversation with you. In fact, I specifically advised you that I would not support such an operation on Specialty Restaurant's leasehold during our last conversation on December 11. The property is not large enough to accommodate a stand alone FBO operation and would not comply with the County's General Aviation Minimum Standards for Palm Beach International Airport.

In November, I met with Michael Dezer, owner of Dezer Properties/co-developer of Trump Grande, and Joseph Silver, General Counsel with Trump Grande, at Mr. Dezer's request to discuss the status of the property. During the meeting, Mr. Dezer indicated that he desired to use the property for private hangar development, not a FBO operation, and that he had a contract with Specialty Restaurants for the assignment of the Lease. I requested a copy of the assignment, which was never provided to me, and reminded him that an assignment of the Lease would require the County's prior written consent. I advised him that the Department would recommend the approval of an assignment of the Lease for restaurant use for the remainder of the existing term to the Board of County Commissioners.

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I have also reviewed the Contract for Purchase and Sale of Leasehold Interest (the "Contract") that you provided to me on December 11th, between Dezer Development, LLC, and the 94th Aero Squadron of West Palm Beach, Inc. which contemplates the assignment of Specialty Restaurant's leasehold interest to Dezer Development for \$1.2 million dollars.

I was surprised to see that a condition of the Contract requires the Buyer to obtain "the approval (the "Approvals") from the County of the assignment of the Lease, extension of Lease term by 25 years and a change of use from the existing restaurant facility to allow construction and operation of one or more hangars in place of the restaurant facility." As you know, the existing lease is for the "sole purpose of constructing, operating, equipping, furnishing and operating a restaurant and cocktail lounge thereon, and for purposes incidental thereto, and for no other purposes whatsoever." Assuming Specialty Restaurants exercises its option to extend the term of the Lease, the Lease would end in 2019. As I am certain that you are aware, the County is under no obligation whatsoever to approve a change in use or lease extension as part of an assignment of Specialty Restaurants' leasehold interest. While I do not have the delegated authority to approve or disapprove of the assignment of the Lease, I intend to strongly recommend to that the Board of County Commissioners withhold approval of the proposed assignment.

Obviously, a lease that has a term in excess of 35 years for an aeronautical use on an airport is more valuable than a lease for a restaurant that ends in less than 12 years; therefore, it is clear that Specialty Restaurants is attempting to sell a leasehold interest that it does not own in order to increase its profit on the sale of the Lease. I cannot in good conscience support this arrangement.

You should also note that the Department has received no information whatsoever regarding the proposed assignee, including its financial capability or experience.

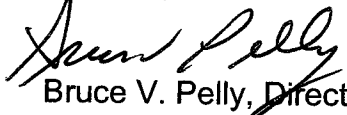
Notwithstanding the foregoing, I would be willing to recommend approval of an assignment of Specialty Restaurants' existing leasehold interest for restaurant use for the remainder of the existing term to the Board of County Commissioners; provided that sufficient information is provided to the Department to determine that the proposed assignee is financially responsible and can meet all of the obligations under the Lease. I would also recommend negotiating the termination of the Lease to the Board of County Commissioners if you desire to terminate the Lease to avoid paying any future rental payments. Specialty Restaurants also has the option of continuing to operate the restaurant in accordance with the requirements of the Lease.

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Finally, I would like to reiterate my position on the closure of the restaurant since your recent letters seem to indicate that you have misunderstood my position on various issues. While I told you that I could not stop Specialty Restaurants from closing the restaurant during our initial conversation regarding the closure of the restaurant, I subsequently reviewed the Lease and advised you that the Lease requires that a restaurant and cocktail lounge be operated "between the hours of 4:00 P.M. to 12:00 P.M. (midnight), not less than 360 days per calendar year, and between the hours of 11:00 A.M. to 12:00 P.M. (midnight) not less than 300 days per calendar year." As we have discussed, I do not have the authority to waive requirements of the Lease on behalf of the Board of County Commissioners; therefore, approval of the Board of County Commissioners is still required for closure of the restaurant.

I intend on placing the Contract on a future agenda for consideration by the Board of County Commissioners with a recommendation to withhold approval of the proposed assignment. If you wish to provide any further information regarding the proposed assignment or assignee, please provide the information to me as soon as possible so that it may be reviewed by the Department and included as part of the agenda item.

Sincerely,


Bruce V. Pelly, Director
Department of Airports

cc: Addie L. Greene, Chairperson, and Members of the Board of County Commissioners
Robert Weisman, County Administrator
Laura Beebe, Assistant County Attorney