

MINUTES OF BUDGET AND CONTROL BOARD MEETING

MAY 31, 1977

Mr. Paul H. Infinger, Attorney, Division of General Services, and William A. McInnis, Assistant to State Auditor, polled the following members of the Budget and Control Board on the item described below:

Governor James B. Edwards
Mr. Earle E. Morris, Jr.
Representative Tom G. Mangum

Mr. Grady L. Patterson, Jr., and Senator Rembert C. Dennis were in Ireland on a State Development Board trade mission and, therefore, were not polled.

DIVISION OF GENERAL SERVICES - PROPOSED SUB-LEASE TO BELLE ISLE MARINA, INC. - The Budget and Control Board, on September 19, 1973, entered into an Agreement and Lease with William A. Johnstone for a 30-year lease with two 10-year renewal options to construct and operate a marina and related facilities on 21.5 acres of property owned by the State in Georgetown County. Only about 5 acres of the 21.5 acre total are above the mean high water mark and are actually covered by the lease.

As a consideration for the Agreement and Lease, the State is to receive a graduated percentage of the annual adjusted gross profit from the marina and related facilities. Up until the present time, the State has received the minimum annual rental of \$2,150 as required under the Agreement because, in the early stages of construction, there have been no profits.

The original lessee, William A. Johnstone, in accordance with the terms of the Agreement and Lease, subsequently sub-leased his interests to the Belle Isle Club, Inc. and Belle Isle Gardens Company who presently operate the marina.

These latter two companies now have requested that the Budget

and Control Board approve the transfer of their interests to a new company, namely, Belle Isle Marina, Inc., on the condition that this new company make substantial improvements to the marina and related facilities. The necessity to poll the Board on this matter is prompted by a June 1, 1977 closing date.

Upon the recommendation of the Division of General Services, the members polled voted to approve the proposed sub-lease to Belle Isle Marina, Inc.

A copy of the proposed lease Agreement has been retained in these files and is identified as Exhibit I.

STATE OF SOUTH CAROLINA
DIVISION OF GENERAL SERVICES
BUDGET AND CONTROL BOARD

300 GERVAIS STREET, COLUMBIA, S. C. 29201

May 30, 1977

FURMAN E. McEACHERN, JR.
DIVISION DIRECTOR
803-758-2226



To: State Budget and Control Board

From: Paul H. Infinger
Attorney, Division of General Services

Subject: Belle Isle Agreement and Lease

On September 19, 1973, the State Budget and Control Board entered into an Agreement and Lease with William A. Johnstone for a 30 year lease with two 10 year options to construct and operate a marina and related facilities on 21.5 acres of property owned by the State in Georgetown County. Of the 21.5 acres, only about 5 acres are above the mean high water mark and are actually under lease.

As a consideration for the Agreement and Lease the State is to receive a graduated percentage of annual adjusted gross profit from the marina and facilities ranging from 5% of the first \$50,000.00 of adjusted gross profit to 8% of the second \$200,000.00 of annual adjusted gross profit. Until this time the State has received the minimum required annual rental of \$2,150.00 because there have been no profits in these early stages of construction.

The original lessee, William A. Johnstone, as per the terms of the Agreement and Lease, subsequently subleased his interest to the Belle Isle Club, Inc. and Belle Isle Gardens Company who presently operate the marina. These two companies now desire the approval of the State Budget and Control Board to transfer their interests to a new company, Belle Isle Marina, Inc., on the condition that such company make substantial improvements to the marina and related facilities.

It is recommended that the State Budget and Control Board approve the proposed sublease from Belle Isle Club, Inc., and Belle Isle Gardens Company to Belle Isle Marina, Incorporated.

PHI:hc

EXHIBIT I
5/31/77

864-A

STATE OF SOUTH CAROLINA)
) LEASE AGREEMENT
COUNTY OF GEORGETOWN)

THIS LEASE AGREEMENT made and entered into this _____ day of _____, 1977, by and between BELLE ISLE GARDENS COMPANY, a South Carolina Limited Partnership, and THE BELLE ISLE CLUB, INC., hereinafter referred to as "Lessors", and BELLE ISLE MARINA, INC., hereinafter referred to as "Lessee".

WHEREAS, Belle Isle Gardens Company is, by reason of assignment to it, the owner of that certain lease dated August 7, 1973, between the State of South Carolina and William A. Johnstone (hereinafter referred to as Principal Lease); and

WHEREAS, The Belle Isle Club, Inc., has a certain interest in the said leased premises by reason of the covenants and conditions set forth in the "Declaration of Covenants, Restrictions, and Affirmative Obligations of Members of the Belle Isle Club, Inc." which have been duly recorded in the office of the Clerk of Court for Georgetown County in Deed Book 124 at Page 57; and

WHEREAS, Belle Isle Gardens Company and The Belle Isle Club, Inc., now desire to sublease the hereinafter described premises to Belle Isle Marina, Inc.

W I T N E S S E T H :

That for and in consideration of the mutual promises and covenants contained herein, the parties hereto, for themselves their successors, heirs, executors, administrators and permitted assigns, do hereby agree as follows:

I

That Lessors do hereby lease to Lessee, and Lessee does hereby lease and hire from Lessors, on the terms and conditions hereinafter provided, the hereinafter described premises.

To have and to hold the said premises unto Lessee for a term equal to the remaining term of the Principal Lease beginning on the _____ day of _____, 1977, and ending on the seventh day of August, 2003, unless sooner terminated or extended as provided herein.

II - DESCRIPTION

All that certain piece, parcel or tract of land situate, lying and being in the County of Georgetown, State of South Carolina, containing 17.7 acres as shown on that certain "Map Of Two Parcels Of Land In Belle Isle Plantation, Parcel A To Be Leased To Belle Isle Marina, Inc." dated April 21, 1977, prepared by Legare Hamilton, C.E., L.S., and recorded in the office of the Clerk of Court for Georgetown County in Plat Book pp at Page 60. (Hereinafter referred to as Demised Premises)

ALSO

A non-exclusive easement of ingress and egress (which shall be appurtenant to and run with the real property described

hereinabove) over, across and upon the main road from the gate to the marina at Belle Isle which said easement shall be subject to the following:

- (a) Said easement shall exist and be valid only to the operator of the Property, its employees, suppliers, members and guests of The Belle Isle Club, Inc., transient guests entering the Property from the waterway and invitees of such transient guests.
- (b) Said easement shall not permit any cutting, clearing, removing or in anyway disturbing any shrubbery or trees within the right of way provided by the easement.

III

The aforesaid premises are leased subject to the following:

- (A) To the terms and conditions, as they affect any portion of the demised premises, of the Principal Lease from the State of South Carolina dated August 7, 1973, including but not limited to, any lease payment required thereunder; provided, Lessors shall pay taxes on the portion of the premises described in the Principal Lease, which it retains, as well as any increase in rental to the State resulting from sales or other commercial activity conducted by Lessors on the retained premises.
- (B) Any restrictive covenants contained in any instrument of record affecting the demised premises.
- (C) Any state of facts which an accurate survey would show.
- (D) That any docking agreements extending thirty days or more in term, be limited to members of the Belle Isle Club, Inc., and that preference as to the availability of slips be given to owner-members of The Belle Isle Club, Inc.

IV - RENTAL

- (A) Rental: Lessee shall pay to Lessors the following rental:
 - 1. One Thousand Five Hundred (\$1,500.00) Dollars in lawful money of the United States in advance on the first day of each month during said term, and any extension thereof at the office of the Lessors or such other place as Lessors may designate, without any set off or deduction whatsoever. The aforesaid rental payment shall be adjusted May 1, 1980, and on the same day and month of every third year thereafter in the same proportion as any change in the consumer price index not to exceed seven (7%) per cent per annum. EXCEPT THAT:

hereinabove) over, across and upon the main road from the gate to the marina at Belle Isle which said easement shall be subject to the following:

- (a) Said easement shall exist and be valid only to the operator of the Property, its employees, suppliers, members and guests of The Belle Isle Club, Inc., transient guests entering the Property from the waterway and invitees of such transient guests.
- (b) Said easement shall not permit any cutting, clearing, removing or in anyway disturbing any shrubbery or trees within the right of way provided by the easement.

III

The aforesaid premises are leased subject to the following:

- (A) To the terms and conditions, as they affect any portion of the demised premises, of the Principal Lease from the State of South Carolina dated August 7, 1973, including but not limited to, any lease payment required thereunder; provided, Lessors shall pay taxes on the portion of the premises described in the Principal Lease, which it retains, as well as any increase in rental to the State resulting from sales or other commercial activity conducted by Lessors on the retained premises.
- (B) Any restrictive covenants contained in any instrument of record affecting the demised premises.
- (C) Any state of facts which an accurate survey would show.
- (D) That any docking agreements extending thirty days or more in term, be limited to members of the Belle Isle Club, Inc., and that preference as to the availability of slips be given to owner-members of The Belle Isle Club, Inc.

IV - RENTAL

- (A) Rental: Lessee shall pay to Lessors the following rental:
 - 1. One Thousand Five Hundred (\$1,500.00) Dollars in lawful money of the United States in advance on the first day of each month during said term, and any extension thereof at the office of the Lessors or such other place as Lessors may designate, without any set off or deduction whatsoever. The aforesaid rental payment shall be adjusted May 1, 1980, and on the same day and month of every third year thereafter in the same proportion as any change in the consumer price index not to exceed seven (7%) per cent per annum. EXCEPT THAT:

2. Lessee may prepay the rental required hereunder in whole or in part at any time prior to May 1, 1980, in the following manner: By paying to Lessors the sum of One Hundred Seventy-five Thousand (\$175,000.00) Dollars in which event Lessee shall not be required to pay any monthly rental for the remaining term of the Lease and extension thereof; provided, Lessee may pay any portion of the aforesaid One Hundred Seventy-five Thousand Dollars (\$175,000.00) in increments of not less than Twenty-five Thousand Dollars (\$25,000.00) Dollars in which event the monthly rental required hereunder shall be decreased in the same proportion that such partial payment bears to the One Hundred Seventy-five Thousand (\$175,000.00) Dollars; provided, further, that no portion of the One Thousand Five Hundred (\$1,500.00) Dollars monthly rental provided for herein shall be applied to the One Hundred Seventy-five Thousand (\$175,000.00) Dollars prepayment.

V - RESTRICTIONS

- (A) Use: The Lessee covenants that it will use and occupy the premises exclusively as a Marina, and for the sale of products and services related thereto.

Lessee shall not serve any food or beverage to be consumed on the demised premises in such a manner as to compete with the operation of the Belle Isle Club, Inc.

Lessee shall not permit the Demised Premises to be used for any purpose which would render the insurance thereon void, or cause cancellation thereof, or which would cause the insurance risk to be more hazardous.

Lessee shall not permit any obnoxious activity upon the premises which would unreasonably disturb the residents of Belle Isle.

- (B) Condition of Premises: The Lessee covenants that it will keep and maintain, at its sole cost and expense, the Demised Premises in good and neat condition and repair, ordinary wear arising from reasonable use to be expected and excepted.
- (C) Alterations and Improvements: The Lessee may, upon written approval of the Lessors, make such alterations and improvements on the Demised Premises as may be desirable in the conduct of its business. The costs of all such improvements and alterations will be at the sole cost and expense of the Lessee, who hereby covenants and agrees to pay all costs of labor and material expended or used for such improvements and to save Lessors or its agents harmless from all such costs or expenses. Any permanent alterations or improvements to the Demised Premises shall, at the option of the Lessors, become the property of the Lessors at the expiration or termination of this Lease Agreement. The Lessee, its successors and assigns, shall be allowed to remove all non-permanent improvements, including but not limited to, fixtures and trade fixtures.

Lessee agrees to pay and discharge any mechanic's, materialsmen's, or other lien against the Demised Premises or Lessors' interest therein claimed in respect to any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or upon the request of Lessee, provided that Lessee may contest such lien claim upon furnishing to Lessors indemnification for the final payment and discharge thereof, together with the costs and expenses of defending the same, as Lessors may reasonably require. Nothing contained in this Lease Agreement shall be so construed as to in any way subject Lessors' interest in the Demised Premises to any such lien.

- (D) Additional Improvements: Lessee covenants and agrees to construct an office building for use with the marina facility and other improvements as are normally included with such similar facilities. Lessee further covenants and agrees to build such additional boat slips and docks as permitted by the Department of the Army Corps of Engineers pursuant to the permit dated April 17, 1973, attached hereto as Exhibit "A". Plans and specifications showing the location and design of these improvements shall be submitted to the Lessors within thirty (30) days following the execution of this Lease Agreement. Lessors shall approve such plans before any work is begun on this improvement, and upon such approval, Lessee shall immediately begin to construct the improvements.

Other additional improvements may be permitted upon the Demised Premises as specifically agreed to, in writing by the Lessors and Lessors shall not unreasonably withhold approval for said proposed improvements.

- (E) Property Taxes: Lessee covenants and agrees that it will pay all property taxes, both real and personal, assessed against the Demised Premises during the term of this Lease or any extension thereof.
- (F) Insurance: Lessee covenants and agrees that it will pay all premiums for fire and extended coverage insurance during the term of this Lease insuring the Demised Premises in an amount not less than \$300,000.00 and to name Lessors as their interests may appear unless Lessee shall have prepaid the rental as provided in IV A 2 above.

Lessee shall provide and keep in force public liability insurance protecting the Lessors against any and all liability from Lessee's operation of the premises, and in the amounts of not less than \$500,000.00 in respect to any one accident or disaster, and in the amount of not less than \$1,000,000.00 in respect to injuries to any one person and to provide Lessors with copies of said policies.

- (G) Net Lease: It is the intention of these presents that the Lessee receive all income derived from

the Demised Premises and, therefore, pay for all expenses related thereto, including but not limited to: property taxes, insurance premiums, utility charges, license fees, permit fees, other expenses relating to the Demised Premises or conduct of business thereon and, except as modified in III A above, rental payments under the Principal Lease. Lessee agrees that within thirty (30) days of the signing of this agreement, Lessee shall install, or cause to be installed at its sole cost and expense, a meter for the purpose of measuring water consumed with respect to the Demised Premises or conduct of business thereon.

- (H) Indemnification: Lessee shall hold the Lessors harmless against any and all claims for damages arising after the commencement of the term of this Lease, and from any Orders, decrees or judgments which may be entered therein, brought for damages or alleged damages resulting from any injury to person or property, or from loss of life sustained in or about the Demised Premises by any persons whatsoever. Lessors covenant and agree to hold Lessee harmless against any and all claims for which a cause of action arose prior to the commencement of this lease.
- (I) Condemnation: If at any time during the term of this Lease, the whole of the Premises or any portion thereof necessary to Lessee's conduct of business shall be taken for public or quasi-public use, under any statute, or by right of eminent domain, then the term of this Lease, and all rights of Lessee thereunder at Lessee's sole option shall cease and terminate. If such termination by condemnation occurs, the Lessee shall be entitled to interpose and prosecute in any condemnation proceedings a claim for the value of Lessee's interests including damages Lessee might sustain by reason of the loss of a going business.
- (J) Damage and Destruction: The parties hereto agree that in the event of a major casualty loss by fire, rising water, hurricane, or any other reason, then and in that event, the Lessee shall have the right and option to terminate this Lease on thirty (30) days written notice, provided all rents and payments due Lessors from Lessee are paid in full. Should Lessee terminate this Lease prior to prepaying the rental as provided in IV A 2, Lessee must pay Lessors the sum of \$175,000.00 or any unpaid portion of the prepaid rent from insurance proceeds. Should Lessee not desire to terminate this Lease, Lessee covenants and agrees to commence and complete the work of repairing, replacing, or rebuilding the damaged or destroyed property within a reasonable period of time under the then and there existing circumstances.
- (K) Leasehold Mortgage. The Lessee may mortgage this Lease, including Lessee's leasehold estate

the Demised Premises and, therefore, pay for all expenses related thereto, including but not limited to: property taxes, insurance premiums, utility charges, license fees, permit fees, other expenses relating to the Demised Premises or conduct of business thereon and, except as modified in III A above, rental payments under the Principal Lease. Lessee agrees that within thirty (30) days of the signing of this agreement, Lessee shall install, or cause to be installed at its sole cost and expense, a meter for the purpose of measuring water consumed with respect to the Demised Premises or conduct of business thereon.

- (H) Indemnification: Lessee shall hold the Lessors harmless against any and all claims for damages arising after the commencement of the term of this Lease, and from any Orders, decrees or judgments which may be entered therein, brought for damages or alleged damages resulting from any injury to person or property, or from loss of life sustained in or about the Demised Premises by any persons whatsoever. Lessors covenant and agree to hold Lessee harmless against any and all claims for which a cause of action arose prior to the commencement of this lease.
- (I) Condemnation: If at any time during the term of this Lease, the whole of the Premises or any portion thereof necessary to Lessee's conduct of business shall be taken for public or quasi-public use, under any statute, or by right of eminent domain, then the term of this Lease, and all rights of Lessee thereunder at Lessee's sole option shall cease and terminate. If such termination by condemnation occurs, the Lessee shall be entitled to interpose and prosecute in any condemnation proceedings a claim for the value of Lessee's interests including damages Lessee might sustain by reason of the loss of a going business.
- (J) Damage and Destruction: The parties hereto agree that in the event of a major casualty loss by fire, rising water, hurricane, or any other reason, then and in that event, the Lessee shall have the right and option to terminate this Lease on thirty (30) days written notice, provided all rents and payments due Lessors from Lessee are paid in full. Should Lessee terminate this Lease prior to prepaying the rental as provided in IV A 2, Lessee must pay Lessors the sum of \$175,000.00 or any unpaid portion of the prepaid rent from insurance proceeds. Should Lessee not desire to terminate this Lease, Lessee covenants and agrees to commence and complete the work of repairing, replacing, or rebuilding the damaged or destroyed property within a reasonable period of time under the then and there existing circumstances.
- (K) Leasehold Mortgage. The Lessee may mortgage this Lease, including Lessee's leasehold estate

in the land, and in the improvements and buildings thereon, subject at all times, however, to all of the Restrictions, Covenants and Conditions of this Lease, and to the rights and remedies of the Lessors thereunder, but in no event shall there be more than one existing mortgage of this Lease at any time. Any notices required by this Agreement to be given to Lessee must also be given to any mortgagees of Lessee of which Lessors have written notice.

- (L) Assignment: Lessee may not sublet the Demised Premises without first obtaining the written consent of Lessors. Lessors covenant and agree that they will not unreasonably or arbitrarily withhold or delay such consent.
- (M) Proration: All payments for taxes, insurance, utilities, principal lease payments, and rental payments required under this Lease Agreement, and all rental income received with respect to the Demised Premises shall be prorated between the parties as of the date of this Agreement.

VI - DEFAULT

The parties agree and acknowledge that the following are conditions and covenants of this Lease Agreement and that Lessee's failure to comply with said conditions and covenants shall be deemed a default for which Lessors shall be allowed to terminate this agreement and re-enter and take possession of the premises described in said Lease; provided, that a default (except as to conditions #1 and #2) shall be deemed cured if Lessee in good faith commences performance requisite to cure same within thirty (30) days after receipt of written notice and thereafter continuously and with reasonable diligence proceeds to complete the performance required to cure such default:

1. Except for the responsibilities retained unto Lessors in III A hereinabove, comply with all the terms, covenants and conditions of and pay all rentals required by the Lease between William A. Johnstone and the State of South Carolina dated August 7, 1973; and
2. Fail to pay the rent herein reserved, or any part hereof, for a period of ten (10) days after written notice.
3. Abandon the Demised Premises for more than ninety (90) days and/or failure to commence and complete the reconstruction of improvements within a reasonable time after destruction of any improvements.

VII - FIRST REFUSAL TO PURCHASE

In the event Lessee shall receive a bona fide offer to sublet the Demised Premises or to purchase assets of Lessee during the term of this Lease, and the offer shall be acceptable to Lessee, Lessee shall give The Belle Isle Club, Inc., the right to match the same at the price and on the terms of the offer so made. This right shall be extended by Lessee

giving written notice of the offer by registered mail to The Belle Isle Club, Inc., requiring The Belle Isle Club, Inc., to accept the offer in writing and to sign the necessary documents within thirty (30) days after the mailing of the notice.

VIII - ARBITRATION

All disputes and controversies of every kind and nature between the parties hereto rising out of or in connection with this Lease Agreement as to the existence, construction, validity, interpretation or meaning, performance, non-performance, enforcement, operation, breach, continuance or termination thereof shall be submitted to arbitration pursuant to the following procedure:

(A) Either party may demand such arbitration in writing within ten days after the controversy arises, which demand shall include the name of the arbitrator appointed by the party demanding arbitration, together with a statement of the matter in controversy.

(B) Within ten days after such demand, the other party shall name its arbitrator, or in default thereof, such arbitrator shall be named by the Resident or Presiding Judge of the Fifteenth Judicial Circuit for the State of South Carolina, and the two arbitrators so selected shall name a third arbitrator within fifteen days or, in lieu of such agreement on a third arbitrator by the two arbitrators so appointed, a third arbitrator shall be appointed by the Resident or Presiding Judge of the Fifteenth Judicial Circuit for the State of South Carolina.

(C) Each party shall bear his own arbitration costs and expenses.

(D) The arbitration hearing shall be held at a place agreed upon by a majority of the arbitrators or if the arbitrators cannot reach an agreement, the arbitration hearing shall be held in the Georgetown County Courthouse. The arbitration hearing shall be concluded within thirty (30) days and the award thereon shall be made within ten days after the close of the submission of evidence. An award rendered by majority of the arbitrators appointed pursuant to this agreement shall be final and binding on all parties to the proceedings during the period of this agreement, and a judgment on such award may be entered by either party in any Court having jurisdiction.

(E) The parties stipulate that the provisions hereof shall be a complete defense to any suit, action or proceeding instituted in any Federal, State or local court or before any administrative tribunal with respect to any controversy or dispute arising during the period of this agreement and which is arbitrable as herein set forth.

(F) Nothing herein contained shall be deemed to give the arbitrators any authority, power or right to alter, change, amend, modify, add to, or subtract from any of the provisions of this agreement.

IX - RENEWAL

The Lessee shall have the right to renew this Lease Agreement for two additional periods of ten (10) years each under the same terms and provisions set forth in the Principal Lease.

X

The Lessor, Belle Isle Gardens Company, agrees to provide Lessee with adequate spoil area for the deposit of spoil in connection with the original dredging and the maintenance dredging anticipated by this Lease; said spoil area to be within a reasonable distance of the marina.

THIS AGREEMENT shall be binding on the parties hereto, their successors, heirs and assigns and constitutes the entire agreement of the parties. Any supplement, modification, amendment, or waiver of the terms and conditions hereof shall be in writing, signed by both parties, and incorporated herein by being attached to this Agreement.

IN WITNESS WHEREOF, the parties hereto agree and set their Hands and Seals the date first written above.

IN THE PRESENCE OF:

BELLE ISLE GARDENS COMPANY
by: McCrory-Sumwalt Construction
Company, its General Partner

Warren N. King
Stanley S. Carter

By Marvin L. McCrory
Marvin L. McCrory, President
By Rose R. Parrish
Rose R. Parrish, Secretary

BELLE ISLE CLUB, INC.

By _____

By _____

By Charles J. ...

By Marvin L. McCrory

BELLE ISLE MARINA, INC.

By E. C. Braynard, Jr., President

By John W. Covington, Jr., Secretary
Treasurer

STATE OF SOUTH CAROLINA
DIVISION OF GENERAL SERVICES
BUDGET AND CONTROL BOARD

300 GERVAIS STREET, COLUMBIA, S. C. 29201

June 21, 1977

EXHIBIT I
5/31/77

FURMAN E. McEACHERN, JR.
DIVISION DIRECTOR
803/758-2226



Mr. Bill McInnis
State Auditor's Office
Wade Hampton Office Building
P. O. Box 11333
Columbia, South Carolina 29211

Re: Belle Isle Gardens
Lease Agreement

Dear Mr. McInnis:

Enclosed is a copy of the fully executed acknowledgement by the Budget and Control Board to the Belle Isle Marina sublease. Yours and Mr. Putnam's cooperation and assistance are greatly appreciated.

Sincerely,

A handwritten signature in cursive script, reading 'Paul H. Infinger'. The signature is written in dark ink and is positioned above the printed name and title.

Paul H. Infinger
Attorney, Division of General Services

PHI:hc

Enclosures

cc: Mr. Bill Putnam
Mr. Wayne Williams

STATE OF SOUTH CAROLINA
DIVISION OF GENERAL SERVICES
BUDGET AND CONTROL BOARD

300 GERVAIS STREET, COLUMBIA, S. C. 29201



May 30, 1977

FURMAN E. McEACHERN, JR.
DIVISION DIRECTOR
803/758-2226

To: State Budget and Control Board

From: Paul H. Infinger
Attorney, Division of General Services

Subject: Belle Isle Agreement and Lease

On September 19, 1973, the State Budget and Control Board entered into an Agreement and Lease with William A. Johnstone for a 30 year lease with two 10 year options to construct and operate a marina and related facilities on 21.5 acres of property owned by the State in Georgetown County. Of the 21.5 acres, only about 5 acres are above the mean high water mark and are actually under lease.

As a consideration for the Agreement and Lease the State is to receive a graduated percentage of annual adjusted gross profit from the marina and facilities ranging from 5% of the first \$50,000.00 of adjusted gross profit to 8% of the second \$200,000.00 of annual adjusted gross profit. Until this time the State has received the minimum required annual rental of \$2,150.00 because there have been no profits in these early stages of construction.

The original lessee, William A. Johnstone, as per the terms of the Agreement and Lease, subsequently subleased his interest to the Belle Isle Club, Inc. and Belle Isle Gardens Company who presently operate the marina. These two companies now desire the approval of the State Budget and Control Board to transfer their interests to a new company, Belle Isle Marina, Inc., on the condition that such company make substantial improvements to the marina and related facilities.

It is recommended that the State Budget and Control Board approve the proposed sublease from Belle Isle Club, Inc., and Belle Isle Gardens Company to Belle Isle Marina, Incorporated.

PHI:hc

E N D