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FLORIDA PROFIT CORPORATION OR P.A.

Mariner's Club, Inc.

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**ARTICLES OF INCORPORATION**

**OF**

**Mariner's Club, Inc.**

**Article I**

**Name**

The name of the corporation is Mariner's Club, Inc. ("Club"). Its principal office shall be at 97501 Overseas Highway, Key Largo, Florida 33037, or at such other place as may be designated from time to time by the Board of Directors.

**Article II**

**Duration**

The Club shall have a perpetual existence.

**Article III**

**Purpose**

The purpose of the Club is to own and operate a club, including a marina, a dry storage facility, and other related and ancillary club facilities. To carry out this purpose, the Club shall be empowered to acquire, rent, lease, let, hold, own, buy, convey, mortgage, bond, sell, or assign the property, real, personal or mixed, or to borrow money, whether secured or unsecured, and to do and perform all such other acts and things as are allowed by the laws of the State of Florida with respect to for-profit corporations, as those laws now exist or as they may hereafter provide.

**Article IV**

**Capital Stock**

A. **Total Authorized**. The total number of shares of all classes of the capital stock which the Club has the authority to issue is one hundred and thirty (130), of which one hundred and twenty (120) shares shall be preferred stock, par value \$.01 per share (the "**Preferred Stock**"), and ten (10) shares shall be common stock, par value \$.01 per share (the "**Common Stock**"). The qualifications for share ownership and the manner of share issuance shall be as provided by the By-Laws of the Club.

B. **Preferred Stock**. The Club is authorized to issue one class of Preferred Stock. One (1) share of preferred stock will be issued to the owner of each unit in the Mariner's Club

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development located in Key Largo, Florida ("Development") when the unit owner pays the required membership contribution and becomes an "Equity Member". The Preferred Stock will be issued to Equity Members only. Preferred Stock may be transferred only to the Club in accordance with the procedure set forth in the By-Laws.

(1) Dividends. No dividends, whether in cash, stock or in kind, may be paid on any Preferred Stock. Any net earnings of the Club shall inure only to the benefit of the holders of the Common Stock, and not to the benefit of any director, officer, or to any holder of Preferred Stock.

(2) Voting.

(a) Except as otherwise provided by law, these Articles or the Club's By-Laws, the holders of shares of Preferred Stock shall have no voting rights on any matters to be submitted to a vote of the shareholders of the Club until the Transition Date (as that term is defined in the Club By-Laws). After the Transition Date, the holders of shares of Preferred Stock shall be entitled to one vote for each share of Preferred Stock on any matters submitted to a vote of the shareholders of the Club. However, whether before or after the Transition Date, the Equity Members will be entitled to vote prior to a change of the voting rights of the Equity Members, a change in the liquidation rights of Equity Members, an increase the maximum cap on the number of memberships, a change in the price at which the common stock is redeemed, a change in the Club's ability to redeem the common stock once the Common Stockholder has sold all of the units in the Development, or a termination of all of the memberships issued pursuant to the Club's Membership Plan.

(b) There shall be no cumulative voting for the election of the Board of Directors.

(3) Liquidation. In the event of any distribution of assets upon any voluntary or involuntary liquidation, dissolution, or winding up of the Club, the holder of each share of the then issued and outstanding Preferred Stock shall receive the amount such person paid for his or her share of Preferred Stock upon the issuance thereof. If the assets of the Club are not sufficient to pay in full the amount so payable to the holders of the Preferred Stock, each holder thereof shall participate ratably based upon the amount paid for his or her share or shares of Preferred Stock. The distribution preference of Preferred Stockholders shall not be included in the insolvency calculation under Florida Statute 607.06401(3)(b) or any successor statute.

C. Common Stock. The rights and preferences of the Common Stock shall be as set forth herein.

(1) Dividends. In such amounts and as declared by the Board of Directors of the Club, the Club shall pay cash dividends to the holders of the Common Stock out of the assets and funds of the Club legally available for the payment of dividends pursuant to applicable law.

(2) Voting Rights. Except as otherwise provided by law or these Articles, prior to the Transition Date, the holders of shares of outstanding Common Stock shall be entitled to one (1) vote per share for all matters submitted to a vote of the shareholders of the Club. Except as otherwise provided by law or these Articles, the holders of shares of outstanding Common Stock shall vote together with the holders of the Preferred Stock, when and if the holders of such Preferred Stock are permitted by law, these Articles or the Club's By-Laws to vote on a particular matter.

(3) Liquidation.

(a) In the event of any distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the Club prior to the Transition Date, in which the assets of the Club are in excess of the amount required to pay in full the amount payable to the holders of the Preferred Stock, each holder of the then issued and outstanding Common Stock shall participate ratably with respect to his, her, or its respective holdings of Common Stock in the distribution of the remainder of the assets.

(b) In the event of any such distribution of assets after the Transition Date, the holder of the Common Stock shall not participate in the distribution.

(4) Redemption. On the Transition Date, the Club shall redeem all of the Common Stock for either the Predetermined Redemption Price or the Market Value Redemption Price, whichever is applicable, as set forth below. Once redeemed, shares of Common Stock will become authorized but unissued shares.

The first possible Transition Date is after seventy-five percent (75%) of all of the units of the Development have been sold. At such time, Ocean Key will have the right to "put" its shares of Common Stock to the Club at a cost of \$36,500 per issued Equity Membership, if the Transition Date occurs on or prior to January 31, 2001 ("Predetermined Redemption Price"). After January 31, 2001, the cost will be adjusted annually, on January 31<sup>st</sup> of each succeeding year, by an amount equal to the greater of four percent (4%) or the percentage increase in the previous year's Consumer Price Index. Under this "put," the membership contribution previously paid by each then outstanding Equity Member will be credited toward the Predetermined Redemption Price for each of the then outstanding Equity Memberships and, to the extent not previously distributed by the Club to Ocean Key, will be paid immediately in cash by the Club to Ocean Key from such previously received membership contributions. The balance due

will be paid, pursuant to the terms of a promissory note executed by the Club, in equal monthly installments at an interest rate of two percent (2%) below the Wall Street Journal prime rate, as published from time to time, (but not to exceed ten percent (10%)) amortized over twenty (20) years. The promissory note payment will be secured by a first mortgage on the Club Facilities (the "Transition Date Mortgage"). No junior mortgage will be permitted without the prior written consent of Ocean Key. Once Ocean Key's right to unilaterally "put" its shares of Common Stock back to the Club arises (i.e. after the sale of seventy-five percent (75%) of the units in the Development), Ocean Key will indefinitely retain this right until all units in the Development have been sold. After all units in the Development have been sold, the cost of the common shares will become the same as the Market Value Redemption Price (defined below).

If Ocean Key elects not to exercise its right to "put" the Common Stock to the Club prior to the sale of all units in the Development, the second possible Transition Date arises. After Ocean Key has sold all of the units in the Development, the Club will have the right to repurchase Ocean Key's Common Stock for cash at the "Market Value Redemption Price." The Market Value Redemption Price will be the value of the Club Facilities at that time as determined by appraisal, with the Equity Members choosing an appraiser, Ocean Key choosing an appraiser, and these two appraisers choosing a third appraiser. The Market Value Redemption Price will be the mean value of the three appraisals utilizing the higher of the market valuation method or the replacement cost method.

(5) Common Stockholder and Director Liability.

(a) No officer or director of the Club shall be liable in any proceeding brought by or in the right of the Club or brought by or on behalf of the shareholders of the Club against such officer or director; provided, however, that this provision shall not limit the liability of any officer or director of the club arising from his (i) willful misconduct with respect to the Club or (ii) knowing violation of the criminal law. The director shall not be liable for the debts of the Club.

(b) No common stockholder shall be liable in any proceeding brought by or in the right of the Club or by or on behalf of the shareholders of the Club against such Common Stockholder, whether that proceeding is related to a fiduciary obligation, action as an agent of the Club, or action in any other capacity; provided, however, that this provision shall not relieve or limit the liability of any Common Stockholder of the Club arising from his or its (i) willful misconduct with respect to the Club or (ii) knowing violation of the criminal law.

**Article V**  
**Registered Office and Agent**

The street address of the initial registered office of the Club is 97501 Overseas Highway, Key Largo, Florida 33037, which is located in Monroe County, Florida, and the name of the initial registered agent of the Club at the address is Chase Wolf.

**Article VI**  
**Initial Board of Directors**

The Club shall have three directors initially. The number of directors may be either increased or diminished from time to time by the By-Laws but shall never be less than one. The names and addresses of the initial directors of the Club are:

<u>Name</u>	<u>Address</u>
Michael E. Rosen	The Rosen Development Group 553 Mamaroneck Avenue Harrison, New York 10528
Chase Wolf	Pegasus Development Company 1969 S. W. 17 <sup>th</sup> Street Boca Raton, FL 33486
Dave Clark	73 North Bounty Lane Key Largo, Florida 33037

**Article VII**  
**Incorporator**

The name and address of the person signing these Articles is:

Chase Wolf  
Pegasus Development Company  
1969 S. W. 17<sup>th</sup> Street  
Boca Raton, FL 33486

**Article VIII**  
**Indemnification**

The Club shall indemnify its officers and directors, and may indemnify its employees and agents, to the fullest extent permitted by applicable law, from and against any and all of the

expenses or liabilities incurred in defending a civil or criminal proceeding, or other matters referred to in or covered by said provisions, including advancement of expenses prior to the final disposition of such proceedings and amounts paid in settlement of such proceedings. The indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of shareholders or disinterested directors or otherwise, and it shall apply both as to action in his or her official capacity and as to action in another capacity while holding such office. Common Stockholders shall be deemed to be agents of the Club with respect to any services or acts performed by them in connection with the Club. Such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of the heirs and personal representatives of such a person. An adjudication of liability shall not affect the right to indemnification for those indemnified.

#### Article IX

##### Amendment to Articles of Incorporation and By-Laws

The shareholders may amend the Articles of Incorporation only by: (a) approval by the Board of Directors in accordance with the By-Laws of the Club, and (b) the vote of a majority of the votes cast by shareholders of the Club entitled to vote. The Board of Directors may amend the By-Laws as provided in the By-Laws of the Club. Notwithstanding anything to the contrary contained herein, the provisions of Article IV, Section B (1) may not be amended except upon the unanimous vote of the holders of all issued and outstanding shares of Common Stock and Preferred Stock of the Club.

#### Article X

##### Beginning of Corporate Existence

Corporate existence shall commence upon filing these Articles of Incorporation.

#### Article XI

##### Validity of Individual Provisions

If any provision of these Articles of Incorporation shall be adjudicated invalid or unenforceable, such adjudication shall not be deemed to invalidate or otherwise affect any other provision hereof or any power of indemnity which the Club may have under the laws of the State of Florida.

#### Article XII

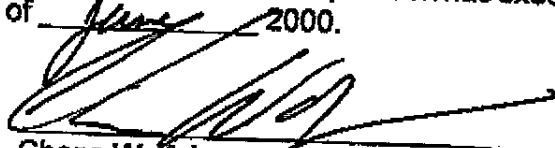
##### No Preemptive Rights

Shareholders shall have no pre-emptive rights with respect to the shares of the Club.

Article XII  
Corporate Seal

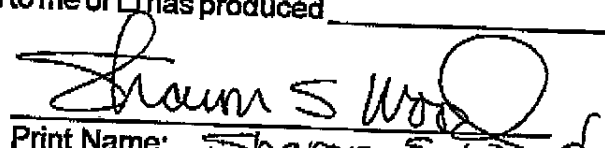
The corporation shall not have a seal.

IN WITNESS WHEREOF, the undersigned Incorporator of this corporation has executed these Articles of Incorporation this 27<sup>th</sup> day of June 2000.

  
Chase Wolf, Incorporator

STATE OF FLORIDA  
COUNTY OF Broward

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of JUNE 2000 by Chase Wolf, who  is personally known to me or  has produced \_\_\_\_\_ as identification.

  
Print Name: Sharon S. Wood  
NOTARY PUBLIC - STATE OF FLORIDA  
Commission Number: \_\_\_\_\_  
My commission expires: \_\_\_\_\_





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**ACCEPTANCE BY REGISTERED AGENT**

Having been named to accept service of process for the above named corporation at the place designated in these Articles of Incorporation, I hereby agree to act in this capacity, and agree to comply with the provision of Chapter 48.091, Florida Statutes, relative to keeping said office open for service of process.

  
Chase Wolf, Registered Agent

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