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ITT Rayonier Inc.

Southeast Legal Office

P. O. Box 723

Fernandina Beach, FL 32034

Telephone (904) 261-0828

March 27, 1986

Mr. Richard L. King
Nassau County Engineer
Rt. 4 Box 171 B
Fernandina Beach, Florida 32034


RE: Class III Landfill, SR108

Dear Dick:

I have enclosed a draft Option Agreement which I hope will resolve the proposed sale of up to 40 acres of Rayonier land for a Class III landfill. This document is generated as a result of the 2/21/86 meeting between you, Stanley Bunch and me.

I trust that in this format both parties will have an enforceable agreement to impliment this transaction. If you have any questions, please don't hesitate to contact Mr. Bunch or me.

Sincerely,


James L. Shroads

JLS/dg
2735D
Enclosure
cc: Mike Mullin

REALTY OPTION AGREEMENT
(FLORIDA PROPERTY)

ITT RAYONIER INCORPORATED, a Delaware corporation authorized for and doing business within Florida, with offices at P.O. Box 728, Fernandina Beach, Florida 32034, (hereinafter, Rayonier) for and in consideration of the terms of this Agreement and the payment of sums herein specified, grants to THE BOARD OF COUNTY COMMISSIONERS OF NASSAU COUNTY, FLORIDA, a political subdivision of the State of Florida, with offices at P.O. Box 1002, Fernandina Beach, Florida 32034 (hereinafter, Nassau County), the option to purchase the herein described property upon the following terms:

1. DESCRIPTION OF PROPERTY: The real property encompassed by the Option Agreement consists of four separate parcels of unimproved land located within Nassau County, Florida, more particularly described by map and details labeled as Exhibit A, attached hereto and incorporated herein by this reference. For convenience, these parcels will be referred to as follows:

Northeasterlymost parcel - Parcel 1
Northwesterlymost parcel - Parcel 2
Southeasterlymost parcel - Parcel 3
Southwesterlymost parcel - Parcel 4

2. PURCHASE/CONDITION: This Realty Option Agreement becomes effective between the parties only upon payment of the cash consideration of \$15,000.00 from Nassau County to Rayonier, which shall be the purchase price of Parcel 1 and serve as consideration for the terms of this Agreement. Rayonier will convey Parcel 1 to Nassau County upon such payment by Special Warranty Deed, subject to the Title Criteria specified in this Agreement.
3. ORDER OF EXERCISE; TIME: Once established as an Agreement following the purchase and sale of parcel 1, this option to purchase the specified Parcels may then be exercised, consistent with the provisions of this Option Agreement, according to the following schedule:

<u>OPTION</u>	<u>SITE</u>	<u>SCHEDULE</u>
A.	Parcel 2, or 2,3 and 4	Exercisable from date of this Agreement through a period of THREE (3) YEARS from date of this Agreement, whereupon the option shall lapse.
B.	Parcel 3, or 3 and 4	If Option A above has been exercised, then Option B is exercisable through a period of THREE YEARS and SIX MONTHS (3 1/2 years) from date of this Agreement, whereupon, if not exercised, it shall lapse.

C. Parcel 4 If Option B above has been exercised, then this Option C is exercisable through a period of FOUR (4) YEARS from the date of this Agreement, whereupon, if not exercised, it shall lapse.

Each succeeding option is dependent for its exercise upon the exercise of the prior option as specified; the election in any option to acquire all, or all remaining, option parcels supercedes and discharges remaining options. The option schedule by design precludes the exercise of more than one, but not all remaining, parcels.

4. PRICE: The price for the Option parcel(s) is \$15,000.00 PER PARCEL, as per the sketch attached as Exhibit A.
5. EXERCISE OF OPTION: The option shall be exercised by Nassau County by hand or certified mail delivery of a written notice of exercise, stating the extent of the option being exercised (as per the schedule at Section 3 hereof), a projected closing date, which shall be not later than SIXTY (60) DAYS from the date of such notice, and further delivering cash, or a certified or cashiers check drawn upon a U.S. domiciliary bank, payable to ITT RAYONIER INCORPORATED, for an amount equal to 20% of the total purchase price of the parcel(s) being acquired, which sum shall be credited to Nassau County at closing.
6. CONVEYANCE & TITLE CRITERIA: The land which is the subject of this Agreement is to be conveyed by SPECIAL WARRANTY DEED, limiting the warranty of title solely to the period of ownership by Rayonier. Rayonier will convey a good and marketable title to Nassau County, but no abstract of title or title insurance will be offered by Rayonier, as the Official Records of Nassau County shall serve to define the available data for examination of title. The lands which may be conveyed by reason of this Agreement shall EXCLUDE from the grant, and RESERVE to Rayonier, in form satisfactory to its counsel, (a) all oil, gas and fugitive hydrocarbons lying 500 feet or more below the surface level of the land, and (b) all timber on the land, for removal by Rayonier, its successors or assigns, within a reasonable time after closing. Furthermore, the lands which may be conveyed by reason of this Agreement shall be subject to:
 - (a) The lien of accrued but unpaid ad valorem property taxes, if any, for the year of the grant.
 - (b) Restrictions, reservations and covenants of record, and easements and rights of way of record or apparent from an inspection of the land.
 - (c) Rights of Amoco Production Company, its successors and assigns, as identified at Official Records Book 468, p. 243 et seq., Public Records of Nassau County, Florida.
 - (d) Existing zoning classification, if any.

Marketability of title shall be determined as to any Parcel as of the date of conveyance, and not as of the date of this Agreement. Rayonier shall not, during the pendency of this Option Agreement, consensually encumber the Parcels without the prior written approval of Nassau County.

7. PERMITS: (a) During the pendency of the Option, Nassau County may permissibly seek all necessary permits for authority to establish and operate a landfill in and upon the entirety or any portion of Parcels 1 through 4, for the receipt of environmentally suitable nonhazardous (as defined by USEPA and Florida DER) waste material used and generated from within Nassau County, Florida. Notwithstanding permits being issued, however, Nassau County may not use or utilize any of the parcels remaining under option, and prior to closing, as a landfill or repository for any waste material, except for permissible and permitted (by applicable regulatory authority) incineration of vegetative material, upon Parcel 2. Subject to the terms of this Agreement, Rayonier will join Nassau County, where required, in any permit application, however Nassau County shall be solely responsible for permit fees, costs and expenses, and will conduct on the site no operations of any sort for which a permit would be required, without having at the time of such operations a valid permit under the terms of which Nassau County is in present and continuing compliance.

(b) Rayonier shall be under no obligation or requirement to monitor Nassau County's use of the land, however, if under any form of law, ordinance, regulation or standard now in effect or arising during the term of this Agreement, Rayonier should have cause to be concerned about Nassau County's existing or continued compliance with any environmental laws, codes, regulations or standards then in effect or which could in any manner affect the viability of the Rayonier land through the terms of this Option, or the value, usefulness or useability of Rayonier's estate upon lapse of this Option Agreement without exercise, then Rayonier, at its discretion and in addition to any other remedies available, may require Nassau County to provide appropriate additional assurances, whether in the form of bonding, certified professional audits and opinions, additional insurance, indemnity, warranty, removal of all or portions of waste improperly deposited, construction of a ground water monitoring well system as a means of correcting or limiting to acceptable levels water contamination resulting from the Nassau County's possession of the site, construction of leachate collection and treatment system, or other reasonably appropriate form or forms of assurance, enduring as Rayonier may consider necessary, the purpose of which shall be to assure that no activity, use, or disposal methods utilized upon the land during the term of this Agreement would contaminate the land or any appurtenances thereof, and thereby impair, impede or in any manner limit the use, usefulness or safe occupancy of the Parcels, and of all lands adjoining the Parcels and within 100 feet of the perimeter of the Parcels, for commercial timber production, and related forest management purposes, whether during or after the term of this Agreement.

8. INDEMNITY: Nassau County shall hold harmless Rayonier, its parent corporation, their subsidiaries, and the officers, agents, servants and employees of Rayonier, its parent corporation and their subsidiaries, and the fee owner of the Parcels, if different from or divested by Rayonier, from and against any and all liability, damage, penalty, claim, loss, lien, action, suit, proceeding, costs or judgment arising from injury or death to any persons, or injury to property, fixtures, rights, or interests, sustained by anyone in or about the Parcels, or arising out of this Agreement or by virtue of the use to which the Parcels are put by

Nassau County, (including any damages or injury to Nassau County itself), whether any of such actions are justifiable or not, with this obligation to hold harmless including attorney's fees (appellate or otherwise) and any expense in connection therewith, and resulting from any act or acts of omission or commission of Nassau County's, or of Nassau County's officers, agents, servants, employees, contractors, subcontractors, invitees, or licensees. To any extent by which Rayonier may expend funds by virtue of Nassau County's failure or delay in meeting its obligation to hold harmless Rayonier, then to such extent Nassau County shall indemnify Rayonier immediately upon written demand made by Rayonier.

9. MISCELLANEOUS: (a) Assignments. Nassau County shall not assign its rights and/or duties under this Agreement without the prior written consent of Rayonier.

(b) Notices. All notices, demands, requests or other communications required by or appropriate to performance of this Agreement shall in all cases be given in writing and shall be deemed to have been properly given if delivered by hand or if sent by U.S. First Class Mail, postage prepaid, addressed to the intended party at the address stated in the preamble to this Agreement, or consistent with any proper written notice of a change of such address.

(c) Titles & Captions. All captions, articles or sectional titles, where existing, are inserted for convenience only and are not to be considered in construing the content, scope or intent of any provision so entitled.

(d) Time. Time is of the essence in the performance of all provisions contained in this Agreement.

(e) Eminent Domain. In the event the title held by Rayonier is acquired by the exercise of the eminent domain power of Nassau County, or other governmental authority, the parties stipulate and agree that the value of the interest taken shall not be diminished by virtue of the use to which the Site is put by Nassau County under this Agreement, but valued on the basis of the price stated in this Agreement.

(f) Capacity/Enforceability. The intent of the parties by this Agreement is to create a valid, binding obligation for the term stated. Upon request of either party to the other, certification of proper execution by authorized public/corporate officers on behalf of the entities to this Agreement may be provided by the corporate secretary or assistant secretary, as to Rayonier, or by the Clerk or Attorney to the Board of County Commissioners, as to Nassau County. As a condition of the valid exercise of any Option, the Board of County Commissioners, as then constituted, shall by Resolution adopt or re-adopt and ratify this Agreement. Rejection, or failure to re-adopt, this Agreement by any Board of County Commissioners shall cause the Options to lapse, as to that Board and subsequent elected Boards, notwithstanding that the term of the Option may not have expired.

(g) Recording. Neither this Option Agreement, nor any evidence hereof, shall be placed of record without the prior written approval, as to both permission to record and to the form and format of the instrument to be recorded, of both Nassau County and Rayonier.

IN WITNESS WHEREOF this Agreement has been executed by duly authorized officers or agents of the parties, upon the date stated:

DATED _____, 1986.

ITT RAYONIER INCORPORATED

WITNESSES as to Rayonier:

By: _____
President

Attest: _____
Secretary

BOARD OF COUNTY COMMISSIONERS,
NASSAU COUNTY, FLORIDA

WITNESSES as to County:

Joyce D. Bradley
Margie J. Armstrong

By: James C. Justice
Chairman, By and For The Board

Attest: [Signature]
Clerk