

MEMORANDUM

FROM: SHELL, FLEMING, DAVIS & MENGE
TO: PENSACOLA BEACH RESIDENTIAL LESSEES BEING REPRESENTED BY THE LAW FIRM
SUBJECT: STATUS REPORT ON LITIGATION
DATE: MAY 23, 2005

Motion For Stay and Declaratory Order

The Court has granted our Motion for a Stay suspending all further procedures to collect the 2004 real property taxes assessed on the leasehold improvements of the lessees who are plaintiffs in the lawsuit pending resolution of the litigation through all appeals.

The Court denied our request for a preliminary order declaring that the 2004 real property taxes do not create a lien on the leasehold improvements. We will have to argue this issue as part of the primary litigation.

Interrogatories and Request for Production

Every lessee we represent should have received certain Interrogatories that need to be answered and a list of those documents that are needed to comply with the Defendants' request for production.

It is essential that those Interrogatories be answered and returned to our law firm IMMEDIATELY. It is also essential that copies of all requested documents be delivered to our firm IMMEDIATELY. Our deadline for filing the responses to the Interrogatories and producing the documents requested is June 3, 2005.

If you have any questions regarding the Interrogatories or documents to be produced, we urge you to contact a member of the Residential Lessees Liaison Committee who will be glad to assist you. The names and telephone numbers of the Committee are:

Residential Lessees Liaison Committee

John R. Pinzino
Office: 916-7188

Lila S. Cox
Office: 934-6094

Gary E. Smith
Cell: 637-2501

Robert Cowen
Cell: 516-1972

You may also contact the Liaison Committee by e-mail at pbts@att.net.

We emphasize it is extremely important that you answer the Interrogatories and produce the requested documents IMMEDIATELY.