



The Richard E. Jacobs Group, Inc.

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May 4, 2012

Via e-mail and FedEx

Mr. Mark Finigan  
Assistant City Manager  
City of Key West  
City Hall  
525 Angela Street  
Key West, Florida 33040

Dear Mr. Finigan:

Our local counsel, Ed Scales, forwarded to me your April 25, 2012 e-mail to him regarding the possibility of discussing a long-term extension of the Spa Property lease with the City of Key West. This letter is in response to your email.

As you know, after the citizens of Key West approved the referendum authorizing the sale of the property, the Pier House submitted to the City an offer to purchase the property, in the form of a sealed bid. The bid we submitted (together with the bid bond) remains in effect, as of the date of this letter. Further, when the City subsequently inquired whether the Pier House would be willing to negotiate the purchase price for the property, we promptly corresponded with the City to confirm that we are prepared to negotiate a mutually agreeable purchase price.

With regard to any proposal for a long-term extension of the term of the lease in lieu of a purchase, we are aware of the many obstacles that exist relative to an amendment of the existing lease – including the necessity of another public referendum. We also recognize the current sale initiative has been pending for over a year.

In view of the obstacles to achieving a mutually acceptable long-term extension of the existing lease, and in consideration of the substantial efforts that have been invested by both the City and the Pier House to date with respect to the proposed sale, it remains the Pier House's desire to purchase the property, as opposed to entering into discussions with the City with respect to a long-term extension of the lease. In this regard, provided the City would like to proceed

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with the sale, please advise me as to the procedures to be followed and the names of the individuals from the City with whom we should have discussions with respect to the purchase price for the property, as requested in my February 1, 2012 letter to Shawn Smith.

Very truly yours,



William R. Hansen

WRH/lkm

cc: Craig Cates, Mayor  
Jim Scholl, City Manager  
Shawn Smith, Esq., City Attorney  
Ed Scales, Esq.  
(all via FedEx)