

CONTRACT FOR SALE AND PURCHASE

PARTIES: The City of Key West, a Florida municipal corporation ("Seller"), and Pier House Joint Venture, a Florida general partnership ("Buyer"), hereby agree that Seller shall sell and Buyer shall buy the following described real property (the "Property") pursuant to the terms and conditions of this Contract for Sale and Purchase and any riders and addenda ("Contract"):

I. DESCRIPTION OF THE PROPERTY: The Property includes all of Seller's right, title and interest in (i) the land described on Exhibit A attached hereto, located in Key West, Monroe County, Florida, commonly known as 529 Front Street, Key West, Florida 33040, together with all easements, rights and privileges appurtenant thereto (the "Land"), and (ii) all improvements of every kind and description located on the Land, including, without limitation, all buildings and structures located thereon, together with all building fixtures and appurtenances located in and affixed to such improvements on the date hereof (the "Improvements").

II. PURCHASE PRICE (U.S. currency) \$7,500,000.00

PAYMENT:

- (a) Official Bank Check currently held by Seller, as a deposit (the "Deposit") in the amount of: \$315,000.00
- (b) Balance to close by cash, wire transfer or LOCALLY DRAWN cashier's or official bank check(s), subject only to an adjustment for advance rent pursuant to the Lease: \$7,185,000.00

The Deposit shall be applied to the Purchase Price at Closing (defined below), or promptly returned to Buyer if this transaction is not consummated for any reason other than the default of Buyer.

III. TIME FOR ACCEPTANCE OF OFFER AND COUNTEROFFERS; EFFECTIVE DATE:

- (a) If this offer is not executed by and delivered to all parties on or before September 21, 2012, the Deposit will, at Buyer's option, be returned and this offer withdrawn.
- (b) The date of Contract ("Effective Date") will be the date when the last one of the Buyer and Seller has signed this Contract.

IV. NO FINANCING: This is a cash transaction with no contingencies for financing.

V. TITLE EVIDENCE: It shall be a condition to Buyer's obligation to consummate the transaction contemplated hereby that, upon the recording of the deed contemplated herein (the "Deed"), First American Title Insurance Company (the "Title Company") shall issue to Buyer an ALTA Owner's Policy of Title Insurance (2006 Form) without exception for any items recorded during the so-called "gap" between the time of Closing and the time the Deed is recorded, with an effective date and time as of the date and time of the recording of the Deed (the "Title Policy") in the amount of the Purchase Price, insuring marketable title to the Property in Buyer, free and clear of all encumbrances other than the Permitted Exceptions (defined below). Seller agrees to deliver to the Title Company, on or prior to Closing Date, an affidavit in such form required by Title Company in favor of Title Company to issue the Title Policy without taking exception for the so-called "standard exceptions" (the "Title Company Affidavit").

- VI. CLOSING DATE:** This transaction shall be closed and the closing documents delivered no later than thirty (30) days after the Effective Date of this Contract ("Closing"), unless modified by other provisions of this Contract.
- VII. RESTRICTIONS; EASEMENTS; LIMITATIONS:** Seller shall convey marketable title to Buyer subject to: all matters approved by Buyer pursuant to the provisions of Paragraph A of the attached Standards (as defined below); comprehensive land use plans, building and zoning ordinances and regulations; public utility easements of record; and real estate taxes and assessments for year of Closing and subsequent years which are a lien but are not yet due and payable (collectively, the "Permitted Exceptions"); provided, that there exists at Closing no violation of the foregoing and none prevent use of the Property for hotel, restaurant, conference center, spa, parking and related uses and purposes. Provided, however, Buyer acknowledges that Seller makes no representation regarding Buyer's future use of the property, which use is subject to regulation pursuant to the City of Key West's Comprehensive Land Use Plan as well as the City's building and zoning ordinances and regulations, as they may be amended from time to time.
- VIII. OCCUPANCY:** Buyer currently occupies the Property pursuant to that certain Indenture of Lease, dated December 13, 1965, by and between Seller, as lessor, and Buyer (successor-in-interest to Key West Hand Print Fabrics, Inc.), as lessee, as amended by that certain First Amendment to Indenture of Lease, dated July 23 1969, and further amended by that certain Second Amendment to Indenture of Lease, dated May 20, 1974 (collectively, the "Lease"). Buyer assumes all risks of loss to Property from and after the Effective Date. Buyer shall be deemed to have accepted Property in its existing condition as of the date of Closing.
- IX. TYPEWRITTEN OR HANDWRITTEN PROVISIONS:** Typewritten or handwritten provisions, riders and addenda shall control all printed provisions of this Contract in conflict with them.
- X. ASSIGNABILITY:** Buyer may not assign this Contract without the prior written consent of Seller.
- XI. DISCLOSURES:**
- (a) Radon is a naturally occurring radioactive gas that when accumulated in a building in sufficient quantities may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon or radon testing may be obtained from your County Public Health unit.
 - (b) Mold is naturally occurring and may cause health risks or damage to property. If Buyer is concerned or desires additional information regarding mold, Buyer should contact an appropriate professional.
 - (c) **PROPERTY TAX DISCLOSURE SUMMARY: BUYER SHOULD NOT RELY ON THE SELLER'S CURRENT PROPERTY TAXES AS THE AMOUNT OF PROPERTY TAXES THAT THE BUYER MAY BE OBLIGATED TO PAY IN THE YEAR SUBSEQUENT TO PURCHASE. A CHANGE OF OWNERSHIP OR PROPERTY IMPROVEMENTS TRIGGERS REASSESSMENTS OF THE PROPERTY THAT COULD RESULT IN HIGHER PROPERTY TAXES. IF YOU HAVE ANY QUESTIONS CONCERNING VALUATION, CONTACT THE COUNTY PROPERTY**

APPRAISER'S OFFICE FOR INFORMATION.

XII. WARRANTIES AND REPRESENTATIONS OF SELLER: Seller hereby represents and warrants to Buyer as follows as of the Effective Date:

- (a) Seller is a duly formed and validly existing municipal corporation under the laws of the State of Florida. Seller has the legal power, right and authority to enter into this Contract and to execute and deliver the instruments and documents referenced herein, and to consummate the transaction contemplated hereby.
- (b) The execution, delivery and performance of this Contract by Seller has been duly and validly authorized by all necessary action of Seller. This Contract has been duly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with the terms hereof, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights.
- (c) The Lease is the only lease encumbering the Property. No other party has any right of possession of the Property of any part thereof.
- (d) Subject to the Lease and the rights of Buyer thereunder, Seller owns, and will own on the Closing Date, good and marketable title to the Property, free and clear of all liens and encumbrances, excepting the Permitted Exceptions.
- (e) Seller is not a "foreign person" within the meaning of Section 1445(f) of the Internal Revenue Code (the "Code") and is not a "foreign partner" within the meaning of Section 1446 of the Code.

XIII. STANDARDS FOR REAL ESTATE TRANSACTIONS ("Standards"): Buyer and Seller acknowledge receipt of a copy of the attached Standards for Real Estate Transactions, which are incorporated as part of this Contract.

XIV. NO BROKERS: Each of Seller and Buyer represents and warrants to the other that is has not dealt with any real estate broker or agent in connection with this transaction.

IN WITNESS WHEREOF, Buyer and Seller have each caused this Contract to be duly executed as of the Effective Date.

SELLER:

CITY OF KEY WEST, a Florida municipal corporation

By: _____

Name: _____

Title: _____

Date: _____, 2012

BUYER:

PIER HOUSE JOINT VENTURE, a Florida general partnership

company authorized to conduct business in ,

By: JG Pier House LLC, an Ohio limited liability the State of Florida, Partner

By: _____
Judson E. Smith
Chief Executive Officer and
President

Date: _____, 2012

Joinder by Escrow Agent

The undersigned Title Company hereby agrees to serve as escrow agent for the transaction described in this Contract and agrees to be bound by the provisions of this Contract that are applicable to Title Company.

FIRST AMERICAN TITLE INSURANCE COMPANY

By: _____
Name: _____
Title: _____

EXHIBIT A

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MONROE, STATE OF FLORIDA, AND IS DESCRIBED AS FOLLOWS:

THAT PART OF LOT 1, SQUARE 2, ACCORDING TO WILLIAM A. WHITEHEAD'S MAP OF THE ISLAND OF KEY WEST, DELINEATED IN FEBRUARY A.D. 1829, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WESTERLY LINE OF SIMONTON STREET AND THE NORTHERLY LINE OF FRONT STREET; THENCE RUN WESTERLY ALONG THE NORTHERLY LINE OF FRONT STREET, 88 FEET, 4 INCHES TO LOT 2 OF SAID SQUARE; THENCE RUN AT RIGHT ANGLES NORTHERLY AND PARALLEL WITH SIMONTON STREET, A DISTANCE OF 245 FEET; THENCE RUN AT RIGHT ANGLES AND PARALLEL WITH FRONT STREET, A DISTANCE OF 88 FEET, 4 INCHES, BACK TO SAID WESTERLY LINE OF SIMONTON STREET; THENCE RUN ALONG THE SAID WESTERLY LINE OF SIMONTON STREET, A DISTANCE OF 245 FEET BACK TO THE POINT OF BEGINNING.

STANDARDS FOR REAL ESTATE TRANSACTIONS

A. TITLE INSURANCE: Marketable title shall be determined according to applicable Title Standards adopted by authority of The Florida Bar and in accordance with law. The parties acknowledge that Buyer has received a title commitment, effective July 7, 2011, File No. NCS495468-CLE (the "Title Commitment"), issued by the Title Company. Except for the so-called "standard exceptions" therein, Buyer approves of all of the exceptions noted on Schedule B Section II of the Title Commitment. Buyer shall have 5 days, from date of receiving any update to the Title Commitment prior to Closing, to examine such updated commitment and, if title is found defective, to notify the Seller in writing specifying defect(s) which render title unmarketable. Seller shall have 30 days from receipt of notice to remove the defects, failing which Buyer shall, within 5 days after expiration of the 30 day period, deliver written notice to Seller either: (1) extending the time for a reasonable period not to exceed 120 days within which Seller shall use diligent effort to remove the defects; or (2) requesting a refund of deposit(s) paid which shall be returned to Buyer. If Buyer fails to so notify Seller, Buyer shall be deemed to have accepted the title subject to any such additional title defect. Seller shall, if title is found unmarketable, use diligent effort to correct defect(s) within the time provided. If, after diligent effort, Seller is unable to timely correct the defects, Buyer shall either waive the defects, or receive a refund of deposit(s), thereby releasing Buyer and Seller from all further obligations under this Contract.

B. SURVEY: Buyer, at Buyer's expense, within fourteen (14) business days following the Effective Date, may have the Property surveyed and certified by a registered Florida surveyor. If the survey discloses encroachments on the Property or that improvements located thereon encroach on setback lines, easements, lands of others or violate any restrictions, covenants or applicable governmental regulations, the same shall constitute a title defect.

C. INGRESS AND EGRESS: Seller warrants and represents that there is ingress and egress to the Property sufficient for its intended use as described in Paragraph VII hereof and title to the Property is insurable in accordance with Standard A without exception for lack of legal right of access.

D. LIENS: Seller shall furnish to Buyer at time of Closing an affidavit attesting to the absence, unless otherwise provided for herein, of any financing statement, claims of lien or potential lienors known to Seller at the instance of Seller, and further attesting that there have been no improvements or repairs to the Property for 90 days immediately preceding date of Closing at the instance of Seller. If the Property has been improved or repaired within that time at the instance of Seller, Seller shall deliver releases or waivers of construction liens executed by all general contractors, subcontractors, suppliers and materialmen in addition to Seller's lien affidavit setting forth the names of all such general contractors, subcontractors, suppliers and materialmen, further affirming that all charges for improvements or repairs which could serve as a basis for a construction lien or a claim for damages have been paid or will be paid at the Closing of this Contract.

E. CLOSING: Closing shall be held in escrow through Title Company, not later than thirty (30) days from the Effective Date of this Contract, or on such date as may be otherwise agreed to the parties in writing. Seller and Buyer hereby appoint the Cleveland, Ohio office of Title Company (Attn.: Kim Campbell; phone 216.802.3537) to act as escrow agent for the Closing, in coordination the local, Florida office of the Title Company. A signed counterpart of this document shall serve as the escrow instruction to Title Company.

F. TIME: Calendar days shall be used in computing time periods except periods of less than six (6) days, in which event Saturdays, Sundays and state or national legal holidays shall be

excluded. Any time periods provided for herein which shall end on a Saturday, Sunday, or a legal holiday shall extend to 5:00 p.m. of the next business day.

G. CLOSING DOCUMENTS: Seller shall furnish the Deed, certificate of title, construction lien affidavit, Title Company Affidavit, an assignment of the Lease and any corrective instruments.

H. EXPENSES: Seller shall pay costs of any corrective instruments. Buyer shall pay all documentary stamp taxes and all charges for related closing services, title search, closing fees, including preparation of closing statement, and Buyer's attorney's fees. Further, Buyer shall be liable for, and tender to Seller at Closing, the sum of \$14,200.00, representing reimbursement for services rendered by Appraisal Company of Key West, and the sum of \$15,900.00, representing reimbursement for services rendered by Lighthouse Realty Services.

I. PRORATIONS; CREDITS: The parties acknowledge and agree that, pursuant to the Lease, Buyer currently pays taxes, assessments and other charges imposed upon the Property. Accordingly, there will be no proration of taxes or assessments or any other charges. With the exception of advance rent under the Lease, which will be credited to Buyer against the Purchase Price payable by Buyer at Closing, the Purchase Price shall be considered the net amount due to Seller at Closing.

J. CLOSING PROCEDURE: The Deed shall be recorded upon clearance of funds.

K. ESCROW: Title Company is authorized and agrees by acceptance of funds to deposit them promptly, hold same in escrow and, subject to clearance, disburse them in accordance with terms and conditions of this Contract. If in doubt as to Title Company's duties or liabilities under the provisions of this Contract, Title Company may, at Title Company's option, continue to hold the subject matter of the escrow until the parties hereto agree to its disbursement or until a judgment of a court of competent jurisdiction shall determine the rights of the parties, or Title Company may deposit same with the clerk of the circuit court having jurisdiction of the dispute. Upon notifying all parties concerned of such action, all liability on the part of Title Company shall fully terminate, except to the extent of accounting for any items previously delivered out of escrow.

L. ATTORNEY'S FEES; COSTS: In any litigation, including breach, enforcement or interpretation, arising out of this Contract, the prevailing party in such litigation.

M. FAILURE OF PERFORMANCE: If Buyer fails to perform this Contract within the time specified, the Deposit paid by Buyer may be retained by and for the account of Seller as agreed upon liquidated damages, in consideration for the execution of this Contract and in full settlement of any claims; whereupon, Buyer and Seller shall be relieved of all obligations under this Contract; or Seller, at Seller's option, may proceed in equity to enforce Seller's rights under this Contract. If for any reason other than failure of Seller to make Seller's title marketable after diligent effort, Seller fails, neglects or refuses to perform this Contract, Buyer may seek specific performance or elect to receive the return of Buyer's Deposit without thereby waiving any action for damages resulting from Seller's breach.

N. CONTRACT NOT RECORDABLE; PERSONS BOUND; NOTICE; COPIES: Neither this Contract nor any notice of it shall be recorded in any public records. This Contract shall bind and inure to the benefit of the parties and their successors in interest. Whenever the context permits, singular shall include plural and one gender shall include all. Notice and delivery given by or to the attorney or broker representing any party shall be as effective as if given by or to that party. All notices must be in writing and may be made by national overnight delivery service (with evidence of delivery), personal delivery or electronic media with concurrent delivery by overnight delivery service (with

evidence of delivery), addressed to the following addresses, or to such other address of which Seller or Buyer shall have given notice to the other as herein provided:

If to Seller:

City of Key West
P.O. Box 1409
Key West, FL 33040
Attn: City Manager
Facsimile: (305) 809-3886

With a copy to:

Office of the City Attorney
P.O. Box 1409
Key West, FL 33041
Facsimile: (305) 809-3771

If to Buyer:

Pier House Joint Venture
c/o The Richard E. Jacobs Group, LLC
25425 Center Ridge Road
Cleveland, OH 44145
Attn: William R. Hansen, Esq.
Facsimile: 440-808-6902

With a copy to:

Thompson Hine LLP
3900 Key Center
127 Public Square
Cleveland, OH 44114
Attn: Thomas J. Coyne, Esq.
Facsimile: 216-566-5800

A legible facsimile or electronic (including "pdf") copy of this Contract and any signatures hereon shall be considered for all purposes as an original.

O. CONVEYANCE: Seller shall convey marketable title to the Property by statutory warranty, subject only to matters contained in Paragraph VII and those otherwise accepted by Buyer.

P. OTHER AGREEMENTS: No prior or present agreements or representations shall be binding upon Buyer or Seller unless included in this Contract. No modification to or change in this Contract shall be valid or binding upon the parties unless in writing and executed by the parties intended to be bound by it.

Q. SELLER DISCLOSURE: There are no facts known to Seller materially affecting the value of the Property which are not readily observable by Buyer or which have not been disclosed to Buyer.

