



The Richard E. Jacobs Group, Inc.

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July 17, 2012

Via FedEx

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

Re: 529 Front Street, Key West, Florida

Dear Mr. Finigan:

The undersigned is in-house counsel to Pier House Joint Venture (the "Venture"). The Venture submitted to the City of Key West (the "City") a bid, dated August 26, 2011, to purchase the property located at 529 Front Street (the "Property"), for a purchase price of \$6,300,000, and included with the bid a bid bond in the amount of \$315,000, which represented five percent (5%) of the amount of the bid, as required by the Ordinances of the City.

On May 15, 2012, the City Commission adopted Resolution No. 12-171, pursuant to which the City Commission authorized the sale of the Property to the Venture "in a minimum amount of \$7,500,000.00, subject to an acceptable purchase and sale agreement." The Venture accepts the offer of the City set forth in Resolution 12-171, thereby increasing the amount the Venture is prepared to pay the City for the Property to \$7,500,000, which constitutes an increase of \$1,200,000, or 19%, of the amount set forth in the bid submitted to the City by the Venture in August, 2011. The Venture is also prepared to pay all closing costs incurred on a sale of the Property to the Venture, as reflected on the Estimated Settlement Statement enclosed herewith.

For your consideration, I have also enclosed a draft Contract for Sale and Purchase by and between the City and the Venture. The Contract was prepared based upon the standard form Contract for Sale and Purchase approved by the Florida Association of Realtors and the Florida Bar, with appropriate modifications to reflect the proposed transaction between the City and the Venture.

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In order to allow you and the City Commission time to evaluate the offer of the Venture in this regard and the enclosures, we will allow the offer of the Venture to remain open until Friday, August 24, 2012, at which time it will be deemed rescinded unless accepted by the City on or before such date.

Very truly yours,

A handwritten signature in cursive script that reads "Bill Hansen".

William R. Hansen

WRH/lkm

cc: Shawn Smith, Esq., City Attorney  
Ed Scales, Esq.  
(both via FedEx; w/enclosures)