

COMMISSIONERS OF LEONARDTOWN
Ordinance No. 121

Date Introduced on First Reading: March 14, 2005

Amendments Adopted: N/A

Date Adopted on Second Reading: April 11, 2005

Date Effective: May 2, 2005

An ORDINANCE concerning

Sale of Real Property – 41660 Courthouse Drive, Lot 1, Town Property Subdivision,
Plat EWA 58, Folio 57

FOR the purpose of determining that certain parcels of unimproved real property owned by the Commissioners of Leonardtown on Courthouse Drive are not needed for any public purpose or use; approving a certain Purchase and Sale Agreement between the Commissioners of Leonardtown and Council Building, LLC and authorizing the conveyance of such parcels of property pursuant to the terms and conditions of the Purchase and Sale Agreement; and generally relating to the sale of real property owned by the Commissioners of Leonardtown on Courthouse Drive.

SECTION I. BE IT ORDAINED BY THE COMMISSIONERS OF LEONARDTOWN, that it hereby finds and determines that the following unimproved real property owned by the Commissioners of Leonardtown is not needed for any public purpose or use:

PARCEL ONE: 41660 Courthouse Drive, Lot 1, Town Property Subdivision, Recorded in the land records of St. Mary's County, Maryland in EWA 58, Folio 57.

SECTION II: AND BE IT FURTHER ORDAINED, that a Purchase and Sale Agreement between the Commissioners of Leonardtown and Council Building, LLC., a copy of which is attached to this Ordinance, is approved and ratified, and the Mayor of Leonardtown and other appropriate Town officials are authorized and directed to take all necessary and appropriate steps, and execute all necessary and appropriate documents, on behalf of the Town to give public notice of the proposed conveyance and to consummate the sale and conveyance of Parcel One pursuant to the terms and conditions of that Purchase and Sale Agreement.

SECTION III: AND BE IT FURTHER ORDAINED, that this Ordinance shall become effective twenty (20) days following approval by the Mayor or passage by the affirmative vote of four-fifths of the whole Council after veto by the Mayor.

COMMISSIONERS OF THE TOWN
LEONARDTOWN

Walter R. Gillette
Walter R. Gillette, Vice President

Charles R. Faunce
Charles R. Faunce, Councilmember

J. Maguire Mattingly III
J. Maguire Mattingly, III, Councilmember

Leslie E. Roberts
Leslie E. Roberts, Councilmember

Walter Wise
Walter Wise, Councilmember

ATTEST:

Laschelle E. Miller
Laschelle E. Miller, Town Administrator

This Ordinance was presented to the Mayor for his approval or disapproval pursuant to Section 210 of the Charter of the Town of Leonardtown this 11th day of April, 2005.

Laschelle E. Miller
Laschelle E. Miller, Town Administrator

In accordance with Section 210 of the Charter of the Town of Leonardtown, I hereby
Approve this Ordinance this 18th day of April, 2005.
(Approve) or (Disapprove)

J. Harry Norris III
J. Harry Norris, III, Mayor

CONTRACT OF SALE

THIS CONTRACT OF SALE ("this Contract") dated April 18, 2005, between COUNCIL BUILDING LLC, a Maryland limited liability company ["CBLLC"], and THE COMMISSIONERS OF LEONARDTOWN, a municipal corporation of the State of Maryland, [the "TOWN"].

EXPLANATORY STATEMENT: Pursuant to an *Agreement in Principle*, executed by the TOWN and the principles of CBLLC on or about May 1, 2003, the principles of CBLLC and the TOWN agreed to a certain land exchange and purchase, the result of which would be that the TOWN would convey to CBLLC a certain parcel of land for development of a three story, approximately 8,400 square foot, condominium office building, containing two condominium units on each floor, hereinafter referred to as the "Council Building", to be built by CBLLC, and CBLLC then would sell to the TOWN two units in the Council Building for use by the TOWN for its municipal offices. The purpose of this Contract is to more particularly set forth, expand upon, supplement and replace the terms and conditions as agreed upon in the *Agreement in Principle*.

WITNESSETH, that for and in consideration of the EXPLANATORY STATEMENT, which is a material part of this Contract and not merely prefatory, the mutual promises set forth in the *Agreement in Principle* and in this Contract, and other good and valuable considerations, the adequacy and receipt of which hereby are acknowledged, CBLLC and TOWN agree as follows:

TOWN Sale to CBLLC

1. *Town Property.* The TOWN bargains and sells to CBLLC and CBLLC purchases from the TOWN,, in fee simple, a parcel of property lying in the Town of Leonardtown, St. Mary's County, Maryland, containing .11 acres of land, more or less, and more particularly described as Lot 1 as depicted on a plat of subdivision entitled "Lot 1 Town Property Subdivision Situated on Court House Drive in the Town of Leonardtown" recorded among the Plat Records of St. Mary's County, Maryland in Plat Book EWA 58, folio 57, together with all improvements thereon and all appurtenances thereto. This land, together with its appurtenances and improvements, is hereinafter called the "Town Property." The TOWN and CBLLC understand and agree that the Town Property is being sold in "as in" condition and Seller makes no representations or warranties regarding the condition of the Town Property or any improvements on the Town Property and has no obligation to undertake any maintenance, repairs or replacements to the land or any such improvements.

2. *Purchase Price.* The purchase price for CBLLC's purchase of the Town Property is \$142,500. At settlement, the payment of the purchase price shall be evidenced by a promissory

note from CBLLC to the TOWN in the amount of \$142,500, to be secured by a first Deed of Trust that also shall secure CBLLC's obligation to construct the Council Building and complete its sale of two condominium units to the TOWN as provided for in this Contract. The promissory note shall bear no interest until maturity or default and, if not satisfied at maturity or default, shall bear interest thereafter at the rate of eight percent (8%) per annum. The promissory note shall provide that it shall be due and payable eighteen months from the date of settlement on CBLLC's purchase of the Town Property, unless sooner satisfied as provided in paragraph 30 of this Contract or unless default as to be defined in the note and deed of trust first occurs.

3. *Title Report.* Within thirty (30) days from the date of this Contract, CBLLC shall obtain, at its expense, a title report covering the Town Property from a licensed title insurance company selected by CBLLC (the "Title Company"). CBLLC shall give written notice to the TOWN within the thirty (30) day period listing those title exceptions that are not acceptable to CBLLC. The TOWN shall have fourteen (14) days from the receipt of CBLLC's notice within which to determine whether to cure or remove those title exceptions that are not acceptable to CBLLC or to terminate this Contract. Should the TOWN elect to terminate this Contract, the TOWN shall do so by giving CBLLC written notice of the election within the fourteen (14) day period, otherwise the TOWN shall be deemed to have elected to cure or remove those title exceptions unacceptable to CBLLC. If the TOWN elects to cure or remove those title exceptions unacceptable to CBLLC, such exceptions shall be cured or removed by TOWN within four (4) months from the date of this Contract. If such exceptions are not cured or removed by the TOWN within four (4) months from the date of this Contract, CBLLC may terminate this Contract at any time thereafter until such exceptions are cured or removed by giving written notice of such termination to the TOWN. Should either party elect to terminate this Contract as provided in this paragraph, this Contract shall become null and void and of no further force and effect at law and in equity. Should the TOWN not elect to terminate this Contract, the TOWN shall be required to convey the Town Property to the CBLLC at settlement, subject only to those title exceptions acceptable to CBLLC or which have been created subsequent to the date of this Contract with the consent of CBLLC. Anything in this paragraph 3 to the contrary notwithstanding, the TOWN shall not have the right to terminate this Contract because of any title exception which is a lien securing a debt or other obligation or which has been created by the TOWN subsequent to the date of this Contract without the consent of CBLLC.

4. *Settlement.* Settlement shall be held within ten (10) days after the date of the receipt by the TOWN of written notice from CBLLC that title to the Town Property is acceptable to CBLLC, except that if settlement does not occur within one year from the date of this Contract, time being of the essence, this Contract shall be null and void. The written notice from CBLLC to the TOWN

shall specify the date, time and place of settlement, which place must be located within St. Mary's County, Maryland. At settlement CBLLC shall deliver to the TOWN the promissory note and deed of trust referred to in Paragraph 2 evidencing the purchase price for the Town Property and the TOWN's security therefore. Upon delivery of the promissory note and deed of trust as above provided, the TOWN shall, at CBLLC's expense, execute and deliver to the CBLLC a deed for the Town Property containing covenants of special warranty and further assurances, which shall convey the Property to CBLLC. The title so conveyed shall be a good and merchantable fee simple title, both of record and in fact, free of all liens and encumbrances except those specifically accepted or consented to by CBLLC pursuant to paragraph 3 hereof. Title shall be such as will be insurable by a licensed title insurance company at its standard rates. CBLLC shall be responsible for the payment of any and all settlement charges and fees and other costs and expenses of settlement, including transfer and recordation taxes, if any.

5. *Risk of Loss.* The Town Property shall be held at the risk of the TOWN until legal title has passed and possession has been given. The TOWN shall immediately have all insurance policies on the Town Property endorsed to protect all parties hereto as their interests may appear and shall continue the insurance in full force during the term of this Contract. In the event that CBLLC shall determine that the TOWN has inadequately insured the Town Property, CBLLC shall have the right, at CBLLC's own expense, to obtain additional insurance as may be satisfactory to CBLLC.

6. *Real Estate Taxes.* Real estate taxes and similar public charges against the Town Property which are payable on an annual basis (including district, sanitary commission or other benefit charges, assessments, liens or encumbrances for sewer, water, drainage or other public improvements completed or commenced on or prior to the date hereof or subsequent thereto) shall be adjusted between the parties as of the date of settlement and assumed and paid thereafter by CBLLC.

7. *Possession.* Possession of the Town Property shall be given to CBLLC at settlement.

8. *Property Condition.* At the time of settlement, the TOWN will deliver the Town Property in the same condition as the Town Property and its improvements existed on the date of this Contract, reasonable wear and tear excepted.

9. *Real Estate Commissions.* The Town and CBLLC each warrants and represents to the other that it has not used the services of any broker, agent or finder who would be entitled to a commission on account of this Contract or the consummation of the transactions contemplated hereby and agrees to defend, indemnify and save the other harmless from any commission or fee which may be payable to any broker, agent or finder with whom the indemnifying party has dealt in

connection with this Contract.

10. *Condition Precedent.* This Contract is contingent upon the TOWN's Town Council enacting an ordinance that determines that the Town Property is no longer needed for public use and giving notice of the proposed sale of the Town Property as required by law. The TOWN agrees to initiate such actions promptly after execution of this Contract by the TOWN and CBLLC. If TOWN does not satisfy the requirements of this paragraph by June 30, 2005, this Contract shall be null and void with no further obligation by either party to the other.

11. *Right of-Entry.* After execution of this Contract by TOWN and CBLLC, CBLLC may enter onto the Town Property for the purpose of conducting, through the exercise of due care, soil boring tests and other necessary engineering studies preliminary to the development and construction of the Council Building. CBLLC agrees to defend, hold the TOWN harmless and indemnify the TOWN from and against any and all claims, demands and judgments of any nature whatsoever that may arise from any act or omission by CBLLC or its contractors, agents or employees in the course of exercising the right-of-entry granted by this paragraph. After conducting any such tests or activities, CBLLC shall restore the Town Property to its preexisting condition to the extent practicable.

TOWN's Development Obligations

12. *Redesign of Parking Lot.* After settlement on the sale of the Town Property to CBLLC, the TOWN, at its expense, shall undertake the redesign of the existing parking lot, including the parking lot entrance on the remaining land of the TOWN, adjacent to the Town Property. The redesign shall be accomplished so as to provide for more effective ingress to and egress from the Town Property after construction of the Council Building.

13. *Reconstruction of Parking Lot.* The TOWN shall repave and reconstruct the parking lot and entrance in accordance with the redesign plans prepared pursuant to paragraph 12 of this Contract. The repaving and reconstruction shall be completed by such time as construction of the Council Building is substantially complete.

CBLLC's Development Obligations and Rights

14. *Construction of Council Building.*

(a) After settlement on CBLLC's purchase of the Town Property, CBLLC shall develop and construct the Council Building on the Town Property. The Council Building shall be developed and constructed, in design and materials, substantially in accordance with the plans and specifications of the Loker Building that adjoins the Town Property. TOWN shall have the right to approve all plans and specifications for the design and construction of the Council Building to ensure that such plans and specifications are substantially in accordance with the plans and

specifications of the Loker Building, which approval shall not be unreasonably delayed or withheld.

(b) In conjunction with its development and construction of the Council Building, CBLLC shall install and maintain in a safe condition a temporary graveled entrance to the construction site. The temporary entrance shall be at the same location as the permanent relocated driveway entrance determined pursuant to paragraph 12 of this Contract. CBLLC shall maintain such temporary entrance until such time as the TOWN reconstructs the parking lot and a permanent driveway entrance pursuant to paragraph 13 of this Contract.

15. *Commencement and Completion.* Within thirty (30) days after settlement on CBLLC's purchase of the Town Property, CBLLC shall apply for all government permits and approvals necessary for the construction of the Council Building, and shall expeditiously and diligently pursue such applications to completion. CBLLC shall commence construction of the Council Building within 30 days after the issuance of all permits and approvals required to commence construction. CBLLC shall complete construction for the Council Building, sufficient for the TOWN to issue certificates of use and occupancy, not later than eight months after commencement of construction.

16. *Sewer and Water Connections.* Based on the currently projected uses of the Council Building, the TOWN will allocate a total of three EDU's of water and sewer capacity to the Council Building. The TOWN will not charge CBLLC any fees for allocation of the first EDU, such EDU representing a transfer of capacity from the former Town Office Building. At the time of issuance of the first certificate of occupancy for the Council Building, CBLLC shall pay to the TOWN fees at then prevailing rates for the allocation of the two additional EDU's of capacity.. If at any point in the future the actual water use in the Council Building is more than the three EDU's originally allocated, the Town will allocate additional EDU's as necessary and CBLLC shall pay any additional fees required at the then prevailing rate.

17. *Construction Financing and Further Liens and Encumbrances.* To better secure a loan for the construction of the Council Building it is the intention of CBLLC to encumber the Town Property at or after settlement with an indemnity mortgage or deed of trust ["IDOT"] in an amount not to exceed Eight Hundred Thousand Dollars (\$800,000.00) in favor of Mercantile Southern Maryland Bank. The TOWN agrees, upon reasonable request from CBLLC and at no cost to the TOWN, to subordinate its first deed of trust to the lien and effect of the IDOT. After settlement on CBLLC's purchase of the Town Property, CBLLC shall not create any further liens and encumbrances on the Town Property, other than the IDOT, without the TOWN's prior written

approval, which TOWN may withhold in its sole and arbitrary discretion until TOWN accepts or rejects the option to purchase two condominium units as set forth in paragraph 20 of this Contract.

18. *Insurance to be Maintained by CBLLC during Construction.* CBLLC shall purchase and maintain at its cost and expense (or cause to be purchased and maintained) insurance at the following levels of coverage during the construction period of the Council Building:

(a) commercial general liability insurance with at least \$1,000,000 combined single-limit coverage on an occurrence basis covering all premises and operations and including personal injury, independent contractor contractual liability and products and completed operations;

(b) automobile liability insurance with at least \$1,000,000 combined single limit coverage to include owned, non-owned and hired automobiles;

(c) worker's compensation statutory benefits as required by the laws of the State of Maryland and employee's liability coverage with limits of at least \$100,000 each accident, \$100,000 each employee disease, and \$500,000 disease policy limits;

(d) builder's risk insurance and multi-peril insurance on an all-risk basis with an agreed-amount endorsement providing completed value coverage such that for the full construction period the Council Building is insured in an amount not less than 100 percent of the value of the Council Building improvements; and

(e) excess liability coverage in the form of an umbrella endorsement over the coverages set forth in subsections (a)-(d) above in an amount of at least \$1,00,000.00.

Establishment of Condominium Regime

19. *Condominium Documents.* Promptly after settlement on CBLLC's purchase of the Town Property, CBLLC shall establish in accordance with the laws of Maryland a condominium regime for the ownership of the Council Building. The condominium shall consist of six units, two on each floor, and associated general and limited common elements. The units shall be denominated Units 100, 101, 200, 201, 300 and 301. The sizes and layouts of the units shall be substantially as shown on **Exhibit A** attached to this Contract and incorporated herein by reference.

20. *TOWN Approval of Condominium Documents.* As provided in this Contract, it is the intent and expectation of CBLLC and the TOWN that the TOWN will own at least two of the units in the condominium to be used as municipal offices, which the TOWN will desire to combine. Because of the Town's status as a government entity, the Town requires that the condominium documents contain certain protections so that the TOWN's governmental interests and fiscal responsibilities are not overridden by the actions and votes of other unit owners. This includes,

among other things, providing for the TOWN to have a seat on the condominium's board of directors, providing a veto by the TOWN of certain actions of the council of unit owners or board of directors, and providing the TOWN with the right to combine units 300 and 301. Therefore, CBLLC agrees to work with TOWN to incorporate into the condominium declaration and bylaws such provisions as the TOWN deems reasonably necessary to protect its legitimate governmental interests as a unit owner. The final condominium documents shall be subject to TOWN's approval, which shall not be delayed or withheld unreasonably.

CBLLC Sale to TOWN

21. *Property.* CBLLC grants to the TOWN an exclusive option to purchase from CBLLC proposed Units #300 and #301 of the Council Building as depicted on Exhibit A attached to this Contract and incorporated herein by reference, together with all improvements thereon and all appurtenances and general and limited common elements thereto. Upon acceptance of the option, CBLLC shall complete construction of these units to specifications agreed upon by the parties as set forth on **Exhibit B**, attached hereto and incorporated herein. These two (2) units, together with appurtenances and improvements, are hereinafter called the "Condominium Units." CBLLC shall complete construction of the Condominium Units not later than the time for CBLLC to complete construction of the Council Building pursuant to paragraph 15 of this Contract.

22. *Public Offering Statement.* Promptly after filing the Public Offering Statement for the condominium regime with the Maryland Secretary of State, CBLLC shall provide a copy of the Public Offering Statement to the TOWN.

23. *Acceptance of Option.* Provided that (i) the size and layout of the Condominium Units as reflected in the Public Offering Statement are as depicted on Exhibit A in all material respects, (ii) the condominium declaration and bylaws have been approved by the TOWN pursuant to paragraph 20 of this Contract, and (iii) the Public Offering Statement otherwise is reasonably acceptable to the TOWN, the TOWN shall accept the option to purchase the Condominium Units within thirty (30) days after receipt of the Public Offering Statement as required by Section 11-126 of the Maryland Condominium Act. The Town's acceptance of the option shall be subject to the provisions of paragraph 26 with respect to a satisfactory report of title.

24. *Purchase Price.* If the TOWN accepts the option as granted in paragraph 21, the purchase price to be paid by the TOWN to CBLLC for the Condominium Units is set forth on **Exhibit C**, attached hereto and incorporated herein (the "Purchase Price"). The Purchase Price shall be paid in cash or by certified or cashier's check at the time of settlement.

25. *Advance of Costs:* At the request of the TOWN, CBLLC has advanced the costs of the preparation, approval and recordation of a subdivision plat setting forth the boundaries of the

Town Property, as well as the design of the entranceway to the public parking lot adjacent to the Council Building. At the time of settlement on the Condominium Units, in addition to paying the Purchase Price, the TOWN shall repay to CBLLC all such advances as are documented by CBLLC. Subject to final agreement between CBLLC and the TOWN, CBLLC estimates such advanced costs to be approximately \$16,800, plus interest at the rate of Six percent (6.00%) from November, 2004 until settlement.

26. *Title Report.* Within fifteen (15) days from the date of acceptance of the option granted by paragraph 21, TOWN shall obtain, at its expense, a title report covering the Condominium Units from a licensed title insurance company selected by TOWN (the "Title Company") for the purpose of determining whether any title exceptions (other than the IDOT referred to in paragraph 17 of this Contract) have arisen since settlement of the TOWN's conveyance the Town Property to CBLLC. The TOWN shall give written notice to CBLLC within the fifteen (15) day period listing those title exceptions that are not acceptable to the TOWN. CBLLC shall cure or remove those title exceptions that are not acceptable to the TOWN within thirty (30) days after receipt of notice from TOWN. If CBLLC does not cure such title exceptions within such thirty (30) day period, TOWN, by written notice to CBLLC, may terminate TOWN's acceptance of the option to purchase the Condominium Units or give CBLLC such additional time as reasonably may be required for CBLLC to cure the title exceptions. Should the TOWN elect to terminate this Contract, the TOWN shall do so by giving CBLLC written notice of the election within the fifteen (15) day period, otherwise the TOWN shall be deemed to have elected to allow CBLLC to continue to cure or remove those title exceptions unacceptable to TOWN. If the TOWN elects to have CBLLC continue to cure or remove those title exceptions unacceptable to TOWN, such exceptions shall be cured or removed by CBLLC not later than four (4) months from the date of this Contract. If such exceptions are not cured or removed by CBLLC within such four (4) months period, the TOWN may terminate this Contract at any time thereafter until such exceptions are cured or removed by giving written notice of such termination to CBLLC. Should the TOWN elect to terminate this Contract as provided in this paragraph, this Contract shall become null and void and of no further force and effect at law and in equity.

27. *Settlement.* Unless the parties agree otherwise, settlement on the Condominium Units shall take place within fifteen (15) days of receipt by CBLLC of a Use and Occupancy Permit as granted by the TOWN. Settlement shall take place at the offices of an attorney or settlement agent as selected by the TOWN. Settlement under this Contract also is subject to the contingency set forth in Paragraph 28 of this Contract.

28. *Contingency to Settlement.* The obligations of CBLLC to consummate settlement are contingent upon the TOWN having satisfied its obligations under paragraphs 12 and 13 of this Contract, or such obligations being waived by the CBLLC on or before the date of settlement. If the TOWN has not satisfied this contingency, and the TOWN's satisfaction of that contingency has not been waived by CBLLC, the date of settlement shall be extended until ten (10) days after the TOWN satisfies the contingency or the TOWN's satisfaction has been waived by CBLLC.

29. *Deed to Condominium Units.* At settlement the TOWN shall pay to CBLLC the Purchase Price for the Condominium Units and the advances of costs provided in paragraph 25 of this Contract. Upon payment of the unpaid Purchase Price and advances of costs as above provided, CBLLC, at its expense, shall execute and deliver to the TOWN a deed for the Condominium Units containing covenants of special warranty and further assurances, which shall convey the Condominium Units to the TOWN. The title so conveyed shall be a good and merchantable fee simple title, both of record and in fact, free of all liens and encumbrances except those specifically accepted or consented to pursuant to Paragraph 26 hereof. Title shall be such as will be insurable by a licensed title insurance company at its standard rates. The TOWN shall be responsible for the payment of any and all survey, subdivision and Condominium Units description preparation costs necessary for settlement, and all settlement charges and fees and other costs and expenses of settlement. All transfer taxes and documentary stamps required to be paid as a result of this transaction shall be the obligation of the TOWN to pay.

30. *Satisfaction of Promissory Note.* At settlement on the Condominium Units the TOWN shall mark as satisfied the promissory note delivered by CBLLC to the TOWN as evidence of the indebtedness for the purchase price of the Town Property, and shall release the deed of trust given by CBLLC as security for satisfaction of the indebtedness evidenced by the promissory note and the performance of CBLLC's obligations under this Contract.

31. *Risk of Loss.* The Condominium Units shall be held at the risk of CBLLC until legal title has passed and possession has been given. After settlement on CBLLC's purchase of the Town Property, CBLLC shall immediately have all insurance policies on the Town Property and, upon creation, the Condominium Units, endorsed to protect all parties hereto as their interests may appear and shall continue the insurance in full force during the term of this Contract. In the event that the TOWN shall determine that the CBLLC has inadequately insured the Town Property and/or Condominium Units, the TOWN shall have the right, at the TOWN's own expense, to obtain additional insurance as may be satisfactory to the TOWN.

32. *Real Estate Taxes.* Real estate taxes and similar public charges against the Condominium Units which are payable on an annual basis (including district, sanitary commission

or other benefit charges, assessments, liens or encumbrances for sewer, water, drainage or other public improvements completed or commenced on or prior to the date hereof or subsequent thereto) shall be adjusted between the parties as of the date of settlement and assumed and paid thereafter by the TOWN. All real property taxes required to be paid prior to settlement and the recordation of the Deed, if any, shall be paid by the CBLLC.

33. *Possession.* Possession of the Condominium Units shall be given to the TOWN at settlement, free and clear of any leases, tenancies or other occupancies of the Condominium Units.

34. *Real Estate Commissions.* CBLLC and the TOWN each warrant and represent to the other that it has not used the services of any broker, agent or finder who would be entitled to a commission on account of this Contract or the consummation of the transactions contemplated hereby and agrees to defend, indemnify and save the other harmless from any commission or fee which may be payable to any broker, agent or finder with whom the indemnifying party has dealt in connection with this Contract, which obligations shall survive closing.

Right of First Refusal

35. *Right of First Refusal.* CBLLC grants to the TOWN a right of first refusal to purchase proposed Condominium Unit 101 ("Unit 101"), and the TOWN grants to CBLLC a right of first refusal to purchase Condominium Units 300 and 301 (Units 300 and 301) in accordance with the terms and conditions of this paragraph.

(a) If, at any time after the date of this Contract, but only during such time as the TOWN retains an ownership interest in any Condominium Unit, CBLLC shall desire to offer to sell Unit 101, or shall receive from a third party a bona fide offer to purchase Unit 101 which CBLLC desires to accept, CBLLC, before making or accepting the offer, as the case may be, shall send the TOWN two copies of a contract for the sale of Unit 101 embodying the terms of the offer, both copies of which have been duly executed by CBLLC, together with a written notification from CBLLC of CBLLC's intention to make or accept the offer embodied in the contract, as the case may be, if the offer is not accepted by the TOWN. The TOWN shall have the right, within thirty (30) days of the receipt of the contract and the written notice, to purchase Unit 101 or such part thereof on the terms and conditions set forth in the contract. In the event the TOWN elects to accept the offer embodied in the contract, the TOWN must do so by executing one copy of the contract and returning it to CBLLC within the thirty (30) day period.

(b) If the TOWN does not accept the offer embodied in the contract within the thirty (30) day period provided in subparagraph (a) hereof, then the offer embodied in the contract shall be deemed withdrawn and CBLLC shall be free for a period of three (3) months

from the expiration of the thirty (30) day period to sell or offer to sell Unit 101 to third parties on terms not less favorable to CBLLC than those set forth in the contract free and clear of this Right of First Refusal. In the event that Unit 101 is not sold to a third party within the three (3) month period, then any further offer to sell or the purchase Unit 101 or any part thereof must first be submitted to the TOWN in accordance with the provisions of subparagraph (a).

(c) In the event that CBLLC shall, during the aforesaid three (3) month period (or during a subsequent three (3) month period as in this subparagraph (c) provided), decide to revise the terms of its offer so that Unit 101 shall be offered for sale upon terms less favorable to CBLLC than those contained in any contract previously submitted to the TOWN, or shall receive from a third party a bona fide offer to purchase Unit 101 or any part thereof on less favorable terms, which offer CBLLC is willing to accept (such less favorable terms being hereinafter referred to as "New Offer"), then CBLLC shall, with respect to each such New Offer, before offering Unit 101 for sale to others on the terms embodied in the New Offer, or accepting the New Offer, as the case may be, offer to sell Unit 101 to the TOWN on the terms contained in the then current New Offer. The terms of the New Offer shall be embodied in a new contract for the sale of Unit 101, which shall be submitted to the TOWN in accordance with the requirements of subparagraph (a) above.

If the TOWN shall not accept the New Offer within thirty (30) days after the receipt of the new contract and the written notice referred to in subparagraph (a) above, then CBLLC shall be free for a period of three (3) months from the expiration of the thirty (30) day period to sell or offer to sell Unit 101 to third parties on terms not less favorable to CBLLC than those contained in the New Offer free and clear of this Right of First Refusal. Provided, however, that in the event Unit 101 is not sold to a third party within the three (3) months period, then any further offers with respect to Unit 101 must be submitted to the TOWN in accordance with the provisions of subparagraph (a).

(d) If any time after the date of this Contract, but only during such time as CBLLC retains an ownership interest in any Condominium Unit, the TOWN shall desire to offer to sell Unit 300 and/or Unit 301, or shall receive from a third party a bona fide offer to purchase Unit 300 and/or Unit 301, which the TOWN desires to accept, the TOWN shall comply with each and every of the procedures outlined above which apply to the sale of Unit 101 by CBLLC.

(e) The aforesaid rights of first refusal shall not apply to a transfer of ownership by either the TOWN or CBLLC to an entity substantially controlled by either of the parties.

Miscellaneous

36. *Naming Rights.* As long as the TOWN owns at least two (2) units in the Council Building, the TOWN shall have the right to rename the Council Building, provided that CBLLC shall have the right to approve such new name, which approval shall not be delayed or withheld unreasonably. CBLLC shall erect, at its expense, any replacement signage on and at the building to reflect the change in name.

37. *Notices.* All notices required or provided in this Contract, if hand delivered, shall be deemed to have been given and received on the date hand delivered to the party receiving the same. If the United States mails are used, notices same shall be sent certified mail, return receipt requested, postage prepaid and shall be deemed to have been given and received on the third business day from the date deposited in the United States mails addressed as follows:

To TOWN:	The Commissioners of Leonardtown Attn.: Laschelle E. Miller, Town Administrator 41675 Park Avenue P.O. Box 1 Leonardtown, Maryland 20650
To CBLLC:	Joseph F. Mitchell, Esquire Joseph F. Mitchell, P.C. Attorney at Law 41650 Courthouse Drive P.O. Box 347 Leonardtown, Maryland 20650

Each party shall have the right to designate a different address for the receipt of notices other than that set forth above, provided the party's new address is contained in a written notice given to the other party.

38. *Agreement in Principle.* This Contract supersedes the *Agreement in Principle*, which is of no further force or effect.

39. *Miscellaneous.*

(a) This Contract contains the final and entire agreement between the parties and neither they nor their agents should be bound by any terms, conditions or representations not herein written.

(b) Time shall be of the essence of each and every provision of this Contract.

(c) The parties bind themselves, their heirs, personal representatives, successors and assigns to the faithful performance of this Contract, except that the TOWN may not assign its rights or obligations under this Contract without CBLLC's express prior written consent, which

consent shall not be unreasonably delayed or withheld, and further except that under no circumstances may the TOWN assign its rights under the right of first refusal granted pursuant to paragraph 35 of this Contract.

(d) The provisions of this Contract shall survive closing on the sale of the Town Property and the Condominium Units.

(e) If any provision of this Contract is invalid or unenforceable, it is the intent of the parties that the invalid or unenforceable provision be severed from this Contract and each and every other provision of this Contract be enforced.

(f) This Contract does not create a partnership, joint venture or any legal relationship between CBLLC and the TOWN other than as Sellers and Purchasers with the express rights and obligations contained in this Contract.

(g) This Contract shall be deemed to have been entered into in Maryland and shall be governed and interpreted in accordance with the Maryland law, without regard to those principles regarding conflicts or choice of law.

(h) This Agreement may be executed by TOWN and CBLLC on one or more separate counterparts, but all of which together shall contain one and the same instrument.

(i) In the event either CBLLC or TOWN fails, neglects or refuses to perform this Contract or otherwise breaches any of the terms, covenants and conditions contained herein (the "Breaching Party") then the other party (the "Non-Breaching Party") may pursue any and all remedies it may have against the Breaching Party, including but not limited to specific performance, damages or both and the prevailing party shall, in addition thereto, be entitled to recover reasonable attorneys fees it has occurred against the other party in any such legal proceedings.

IN WITNESS WHEREOF, and as of the day and year first hereinabove written, the parties hereto have affixed below their respective signatures and seals to this Agreement.

WITNESS/ATTEST:

COUNCIL BUILDING LLC



By:  (SEAL)
Michael J. Mummaugh, Member



 (SEAL)
Joseph F. Mitchell, Member

THE COMMISSIONERS OF
LEONARDTOWN

Laschelle E Miller

By: J. Harry Norris, III (SEAL)
J. Harry Norris, III, Mayor

- Exhibits:
- A. Unit Sizes and Layouts
 - B. Unit Build-out Specifications
 - C. Purchase Price Determination

01/12/05

**LEONARDTOWN OFFICE BUILDING
BUILD-OUT SPECIFICATIONS**

1. INTERIOR PARTITION FRAMING:
2" x 4", 16" o.c.
2. DRYWALL: Glued and nailed, taped and spackled. Ceilings to be painted.
3. INTERIOR PAINTING: 1 color throughout
Kitchen and Baths: Semi-gloss paint, 2 coats
Other rooms: Flat paint, 2 coats
Doors: 2 coats semi-gloss
Interior Trim: 2 coats semigloss
4. INTERIOR DOORS & TRIM Doors: Six panel masonite, 1 3/8" thickness.
Door & Window Trim: 3 1/4" Beaded ponderosa pine, paint grade. Inside all closets to have 2 1/4" trim with 3 1/4" colonial base. Baseboard: 1" x 6" permaplank with OG cap, paint grade. Door Trim: Inside closets to have 2 1/4" trim with 3 1/4" colonial base.
Closet Shelving: To be pressed board.
5. CABINETS: \$1,200 allowance contract includes kitchen cabinets, counter tops, vanities, tops, sinks and installation. Includes bookcases and built-ins.
6. FLOORCOVERINGS: Per contract allowance of \$5,000. Includes carpet, hardwood, ceramic tile and vinyl. See attachment.
7. PLUMBING: Plumbing to be copper hot and cold water lines with PVC waste & vents. Water heater to be one, 55 gallon electric. Plumbing fixtures per contract allowance (includes tubs, showers, faucets, toilets, and shower doors). \$2,000 allowance.
8. ELECTRIC WIRING:
Per electrical code. Services to be two circuit breaker type, 100 AMP. Five telephone lines and two cable TV outlets included. Light fixtures to be 2' x 4' overhead fluorescents.
9. INSULATION:
Ceilings R-30 Fiberglass insulation
Walls R-15 Fiberglass insulation
Floors R-19 Fiberglass insulation All window and door openings to be chinked with insulation. Electrical and plumbing penetrations to be air sealed with foam caulk.

10. HEATING AND AIR CONDITIONING:

HVAC: Each unit to have 2 and ½ ton10 seer heat pump. Outside unit to be located on the roof.

11. FIRE DOORS & JAMS: To be steel insulated, one hour rating, nine panel.

12. ALARM SYSTEM: Per Fire Marshall's requirements.

EXHIBIT C

DETERMINATION OF PURCHASE PRICE

Set forth below is the determination of the Purchase Price for Units #300 and #301 in the Council Building Condominium Office Building:

Unit #300

[Completed as to specifications set forth on Exhibit B, incorporated herein] \$188,000.00

Unit #301

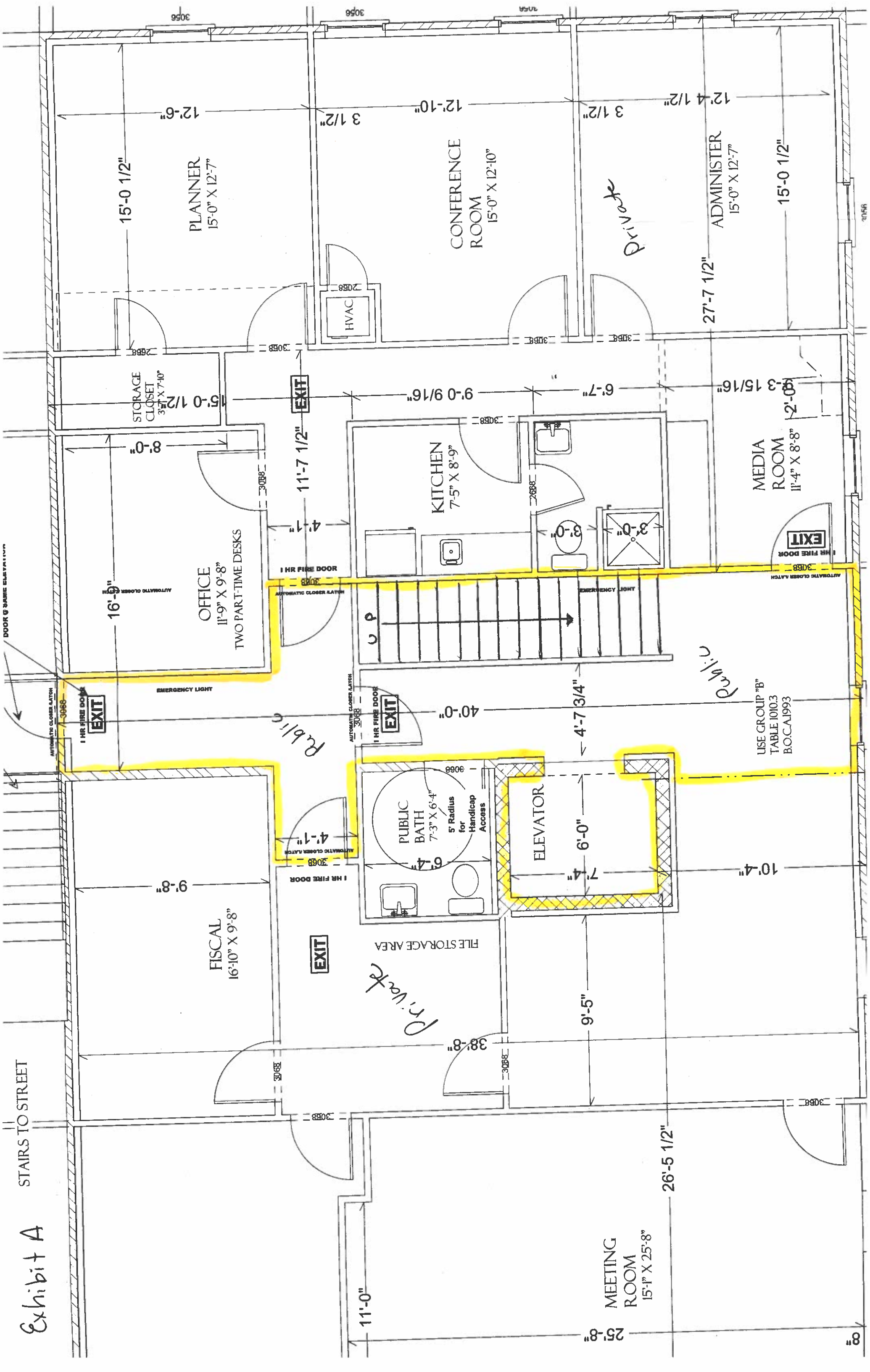
[Completed as to specifications set forth on Exhibit B, incorporated herein] 188,000.00

Credit for Building Pad Site - 142,500.00

PURCHASE PRICE \$233,500.00

Exhibit A

STAIRS TO STREET



USE GROUP "B"
TABLE 1010.3
B.O.C.A.1993