

Date: November 21, 2006
Subject: Park East TID Economic Feasibility Update
From: *S. B. Friedman & Company*
To: Alison Rozek, City of Milwaukee Department of City Development

Per the request of the Department of City Development (“DCD”), *S. B. Friedman & Company* (“*SBFCo*”) has conducted a sensitivity analysis to review the potential amortization time frame of the Park East TID (TID 48) based on less than full completion of the North End. Our sensitivity analysis has examined how much of the proposed North End would need to be completed in order to allow the entire Park East TID to reach full projected amortization within the 27-year maximum statutory life of the TID, assuming that baseline development and inflationary property value growth occurs elsewhere in the District as described below.

Based on currently proposed term sheet provisions (as of 11/21/06) and revised information from the Developer regarding the project phasing, *SBFCo* estimates that TID 48 would likely amortize by the 27th year with completion of only the proposed condo portion of Phase 1 of The North End (109 units).

This estimate is based on the following key assumptions:

- Pricing and phasing of the North End project per the Developer’s background materials
- Inflationary property value growth rates within the remainder of TID 48 as described in the Economic Feasibility Study
- Completion of the Flatiron project in a manner consistent with current background data provided by its developer
- Our understanding that the maximum statutory life of the Park East TID is 27 years (collection of final taxes in 2029), per input from DCD
- Disbursement of funds to the North End project commensurate with the regulating mechanisms in the Draft Term Sheet as of 11/21/06

The Limitations of Our Engagement, as identified in the Economic Feasibility Study draft provided to DCD on 10/27/06 are also applicable to this Update.