



Richard S. Curto
Chief Executive Officer

rcurto@rscrealestate.com
www.rscrealestate.com

December 8, 2006

Ms. Allison J. Rozek
Senior Economic Development Specialist
City of Milwaukee
809 North Broadway
Milwaukee, WI 53202

Re: TID Financing—Block One Park East Corridor

Dear Ms. Rozek:

The information included in this booklet provides the latest update on our proposed mixed use project slated for the Park East Corridor. **Section 1**, which follows, high lights the changes to the project since our earlier letter to you dated July 12, 2006 (included in the Exhibit Section).

We recently completed preliminary pricing with four area general contractors. Included in **Section 2**, is an updated Proforma Budget which incorporates the latest hard costs provided by the contractors. The current pricing reflects an approximate five percent increase to those costs anticipated in my July letter. Some of this increase is due to market conditions; some is do to better understanding the project scope. The retail component and related structured parking has been up-sized approximately 27%. Since July, the drawings have evolved considerably and many details have been refined.

Section 3, summarizes the approximately \$9.5 million TID request and payback schedule. The balance of the booklet includes draft equity and debt financing proposals, latest plans and specifications; retail leasing letters of intent and prospects; and the final form of the Development Agreement with Milwaukee County.

We appreciate the effort of City staff and welcome the opportunity to further discuss the merits of the project as they relate to potential TID financing. Thank you for your consideration.

RCS & Associates

Sincerely,

A handwritten signature in cursive script that reads 'Richard S. Curto'.

Richard S. Curto
Chief Executive Officer

C: Development Team Members

**PARK EAST SQUARE
BLOCK 1 - BREAKDOWN OF T.I.D. COSTS**

	<u>Public Parking</u>
Land Acquisition:	
Lots	546,527
Total Land Cost	<u>546,527</u>
	-
Hard Costs:	-
Apartments	-
Townhouses	-
Retail	-
Office	-
Hotel	-
Parking Structure	6,838,965
Retail/Office T.I.	-
Street Parking	90,216
Public Spaces/Site Improvements	107,946
Environmental	40,112
Stormwater Detention	40,112
Owner's Contingency	284,694
TOTAL HARD COST	<u>7,402,045</u>
Soft Costs:	
Architect / Engineer	210,588
Architect / Engineer Reimbursements	15,042
Interest	344,995
Consultants	40,112
Permits	110,308
Administration & Overhead	599,631
Loan Points/Financing Costs	56,157
Legal / Appraisal / Survey	60,168
Real Estate Taxes	56,257
Builder's Risk Insurance	16,145
Contingency	86,894
TOTAL SOFT COST	<u>1,596,299</u>
TOTAL T.I.D. COSTS	<u><u>9,544,872</u></u>

PARK EAST SQUARE

LOI/LEASE Forecast Report

Prospective Tenant	Space #	Sq. Ft.	Proposed Rental	Proposed TI	LOI Sent	Broker(B)/Tenant(IH)
BLOCK 1						
OUTLOT BUILDING						
Krispy Kreme	302	1,854	\$39.00	\$35.00	09/05/06	Craig Butler (Westward Dough - Master Franchisee)
FedEx/Kinkus	301	1,840	\$35.00	\$20.00	07/11/06	Adam Drier (B)
INLINE SPACES:		5,548				
Lucky Strike Bowling	312 (Lower)	15,000	\$28.00	\$100.00	10/28/06	Brett Zimmerman
Hyde Park	307/308	7,000	\$32.00	\$50.00	10/27/06	Peter Glaser
Nerotoi Spa & Salon	212	20,000	\$35.00	50.00	10/25/06	Josh Minkin (Broker)
McDonalds	301	2,694	\$50.00	25.00	10/09/06	John Kardelis
Subway Corporation	305	1,600	\$33.00	\$10.00	10/04/06	John Kardelis
Verizon Wireless	310 / 301	1,800 or 3,000	\$40.00 / \$30.00	\$25.00 / \$30.00	09/15/06	Tom Treder (MLG)/Brad Friedman
Pot Belly's Sandwich Works	317	2,200	\$31.00	\$40.00	09/06/06	Peter/Gary
Noodles & Company	303A	2,400	\$38.00	\$10.00	07/25/06	Peter Glaser/Sandy
Qdoba	303B	2,400	\$38.00	\$10.00	07/25/06	Peter Glaser (B)
TCP Bank	101	4,410	\$55/\$17.50	\$10.00	07/11/06	Peter Glaser (B) - Rich Therman (In House)
SUMMARY:		63,252				
Prospective Tenant	Space #	Sq. Ft.	Proposed Rental	Proposed TI	LOI Sent	Broker(B)/Tenant(IH)
BLOCK 2						
Target		160,000			10/18/06	Dan Cohen
L.A. Fitness		45,000				Dan Cohen
Barnes & Noble		32,000				Peter Glaser / David Metric
Marcus Theaters		40,000-60,000				Katie Falvey / Greg Marcus (In-House)
TOTAL LOI GLA:		237,000				