



September 7, 2011

Dear Ms. Black:

We are enclosing various summary schedules outlining the monetary loss that Zilli Hospitality Group (ZHG) has incurred as a result of the O'Donnell Park parking garage closure. These schedules should be read in conjunction with our previous correspondences which provided additional detail on how we arrived at these figures.

The monetary loss of \$972,224 that ZHG has incurred is a conservative figure. This figure does not incorporate the future loss of business and the necessary re-branding costs that will be required. Undoubtedly, this figure will continue to increase even though ZHG continues to invest significant monies in re-building its brand to mitigate the future losses. We have achieved some success in our efforts with bookings over the last 4 months.

We would like to put this matter to rest. As our previous correspondence stated and at this point in time ZHG is only requesting to be compensated a small fraction of what the actual losses have been and what they will ultimately be. We would appreciate your prompt assistance in this matter.

Sincerely,
James Zilli

Section 1 - Actual Costs/ Losses related to events

<i>Event Name</i>	<i>Date of Event</i>	<i>Outcome</i>	<i>Loss Detail</i>	<i>Actual Loss/Cost</i>	<i>Retail Value of Comped or Discounted Food / Beverage / Equipment / Labor Sales</i>
US Bank	7/3/2010	Upgraded due to concerns over fencing; props were added to cover fencing, complimentary hors d' oeuvres provided	Props Unlimited Invoice; Hors d' Oeuvres, labor and mileage	\$296	\$6,646
Ward/Crawford Reception	7/16/2010	Upgraded bar service, complimentary pressed linens	Food, equipment, and service charges		\$992
GMC/Milwaukee Water Council	7/19/2010	Personal guarantee, by Paul Raasch, ensuring event continued as planned; carpet cleaned to lacate client	Carpet Cleaning Invoice	\$972	
Houseman/Swick Ceremony	8/14/2010	Moved ceremony; upgraded bar service, discounted venue rental, complimentary glasses	ZHG Venue Rental; Greeting cocktails , equipment and service charges	\$1,500	\$1,143
Nolin/Olson Reception	9/5/2010	Discounted venue rental, complimentary bartender labor and extra service, complimentary ceremony chairs	ZHG Venue Rental; Equipment and service charges	\$1,500	\$1,320
Bader Rutter/ Dinner Reception	1/15/2011	ZHG secured valet parking for the event	Valet charges	\$1,250	
Neighborhood Formal	5/7/2011	Complimentary hors d'oeuvres, and banquet linens	ZHG Venue Rental; Food, equipment, and service charges	\$3,500	\$619
			Total	\$9,017	\$10,720
			Actual Loss (total less 43% for direct out of pocket expenses on retail values)	\$9,017	\$6,110
			Net Loss		\$15,128

Section 2 - Monetary Losses and Additional Costs Incurred in 2011

<i>Description</i>	<i>Loss Value</i>
Lost revenue for events from the date of the Collapse through 12/31/11, lessened by direct out of pocket expenses	497,435
Lia Sophia Event - \$250,000, lessened by direct out of pocket expenses	142,500
Amount ZHG has had to personally reimburse staff for parking, due to the collapse	3,027
Cost of losing Corporate Chef, Restaurant Manager and Waitstaff	47,025
Actual costs incurred and additional discounts tendered to retain existing business by either lowering the minimums required, upgrades at cost or discounted food and beverage; from previous page	15,128
Lost room rentals for 2011 events	85,000
Decrease in Working Capital - a decrease in sales and lower customer deposits, reduced our ability to pay debt and other overhead costs	12,500
Cost of Purchasing / Inventory Waste	35,359
Professional Services Fees	60,000
Internal payroll costs incurred by ZHG owners and employees in communications, additional tours, appointments, meetings, etc. with both clients, affected by the collapse, and with Milwaukee County and its affiliates	74,250
Total	972,224

Footnotes:

1. *There are additional damages incurred that affect the business for the period after the garage opened which includes re-building, and re-branding sales to restore the momentum that was occurring from 2009 and 2010. This rebranding process could cost anywhere from \$100,000 to \$200,000.*

2. *Owners reduced their compensation in 2010 and have stopped their compensation in 2011 as a result of these losses*

3. *This does not include the monies spent by ZHG for O'Donnell Park in expenses, maintenance, capital improvements that were incurred, above and beyond our contractual obligation (totaling over \$186,000) - This information was provided to the DAS Committee in August 2011.*