



Richard Curto
Chief Executive Officer

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Via Email

To: Economic & Community Development Committee of Milwaukee County

From: RSC & Associates for Park East Square, LLC

Date: February 18, 2011

Block One was purchased by RSC & Associates from Milwaukee County in December 2007 for \$2,725,000 and Park East Square was set to break ground on the project comprising a 122-room Hyatt Place Hotel, a 108 room Hyatt Summerfield Suites Hotel, retail space, a 121 unit residential apartment component and a 277 space parking garage until the economic downturn resulted in the project lender rescinding the loan commitment.

In an earlier update to the Committee we noted that the economic and financial upheaval created a very challenging environment for development of any type, including but not limited to hotel and retail. However, we advanced our pursuit of alternative financing to develop this unique property into a vibrant community neighborhood. As a result, our development efforts shifted focus to the residential component of our project since the apartment sector remained a viable element in the market.

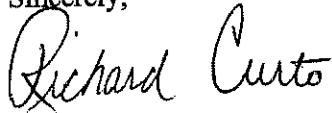
We have pursued all types of financing vehicles such as the original bank that was committed to fund as we began construction of the hotels and then backed out. We then intensely pursued working with Common Bond for over 1 year including trying to obtain 9% tax credits. During this entire time, we pursued and obtained an allocation of Midwest Disaster Recovery Bonds from the City of Milwaukee as well as working with pension funds, bank lenders and other capital providers. Needless to say we are disappointed in the lack of results to date. We are attempting to share with the Committee a realistic picture of the economic and financial environment we have experienced. The few apartment projects that have moved forward or look like they are moving forward are in part funded by the City of Milwaukee via an Equity Gap Loan.

We continue to identify funding alternatives and design variations to move the Park East Square project forward. Unfortunately 4% tax credits require the funding of an economic gap which is difficult to obtain. Our discussions with financing institutions, pension funds and insurance companies indicate that the quality rental apartment market continues to improve nationwide and

in Milwaukee. These debt and equity sources are reallocating funds to commit to new projects and apartments such as Park East Square that fit perfectly into this part of the market and we continue working with these capital sources for funding as well as trying to utilize the Midwestern Disaster Recovery Tax Exempt Bonds. We are not presenting a final solution here today and our continued search to capitalize Park East Square has not resulted in development for reasons in part as mentioned above.

We have not and will not stop our pursuit of capitalizing and moving forward with the development of Park East Square. Our desire is there and the time is needed to finalize the capitalization of the project. Therefore, we are requesting a six month extension of the Excavation Commencement Date from March 30, 2011 to September 30, 2011.

Sincerely,

A handwritten signature in cursive script that reads "Richard Curto". The signature is written in black ink and is positioned above the printed name.

Richard Curto