

PARK EAST SQUARE, LLC

Via Email

To: Economic & Community Development Committee of Milwaukee County

From: Park East Square, LLC

Date: May 23, 2012

Block One, located in the Park East Corridor, was purchased by Park East Square LLC ("Park East Square") from Milwaukee County in December 2007 for \$2,725,000. The development team was set to break ground on the proposed project when the economic downturn resulted in a delay.

Park East Square has continued to work diligently to strengthen the project team and modify the project in form and function to conform to the unprecedented financing environment we continue to experience.

At the March 5, 2012 ECDC meeting, we were excited to present an informational summary of Phase 1 of the project and advise the Committee that we had entered into a partnership with Wangard Partners, a Milwaukee developer who is a very strong and a well respected real estate development firm headquartered in Milwaukee. We also provided a brief summary of the proposed Phase 1 project which is designed to include 85 market rate apartment units, 14,600 square feet of retail and 246 parking spaces with a total development cost of approximately \$20 million. We expect to develop Phase 2 with a multifamily residential building and Phase 3 is expected to be a commercial or multifamily development. The next two Phases will depend upon the economy and market conditions.

The Milwaukee rental market is strong and is expected to continue the positive momentum based upon the market study and research reports related to the transition of previous demand to purchase condominiums to the current very strong demand to rent quality market rate apartments.

The bank financing market for apartment construction loans has improved quite a bit over the last year and the project team is actively working with conventional lenders who have indicated a strong desire to underwrite the project.

Our architect continues to develop the design and engineering for the new proposed project and has received preliminary City approval of the elevations presented to date. We will continue

discussions with the City as the drawings progress and expect to receive approval to move forward with the hopes of starting construction by mid-year.

We sincerely appreciate Milwaukee County's patience and cooperation during the past, very difficult years, and look forward to sharing the benefits of our collective perseverance to develop Park East Square.

Due to the positive developments surrounding the project, we respectfully request ECDC approval of the revised project documents in order for the new partnership to proceed with the construction of Phase 1.

Sincerely,

Park East Square LLC