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26 July 2006

Ms. Kate Parmalee, Manager
Gainesville Community Redevelopment Agency
The Commerce Building
300 E. University Avenue, Suite 240
Gainesville, FL 32601

Re: The Estates at Sorority Row Apartments Redevelopment Incentive Program Grant –
Supplemental Report

Dear Kate:

In light of the supplementary information provided by the developer of the Estates at Sorority Row Apartments, several of the questions identified in the initial report dated 4 July 2006 have now been answered. In particular, there was a question about the \$5,594,010 lump sum construction cost (equating to \$200.18 per square foot of conditioned space) identified in the grant application. The applicant has provided detailed construction plans which demonstrate the scope and complexity of the project. Further, the applicant has presented construction bids from several general contractors verifying this number. I am now convinced that based upon the difficult nature of this particular site, together with required infrastructure additions and expensive integrated parking structure, the construction cost, although very high, is reasonable given the scope of this project.

Further the applicant has revised the estimated real estate tax expense downward by approximately \$100,000, resulting in a pro-forma expense of \$2.26 per square foot, which is consistent with other comparable rental properties in the area. The insurance cost has been identified as \$35,000 or \$1.18 per square foot, which although high due to the difficult insurance market for apartments, is again a more reasonable number. Combined, the first year revised tax and insurance expenses now total \$102,200, or \$3.34 per square foot, a much more reasonable number than the previously estimated \$6.81.

As a result of the revised expense estimates, the Estates at Sorority Row project comes closer to financial feasibility, achieving a debt coverage ration of 0.80 (i.e. having the ability to cover 80% of the debt service after expenses). When projected tax increment grants are added to the mix, the project will actually show an initial slight profit, and a first year debt coverage ration of approximately 1.10, which for a strong borrower, should allow it to obtain acceptance in the capital markets.

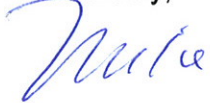
Ms. Kate Parmalee

Estates at Sorority Row

26 July 2006

Given the supplemental information and the revisions to the expense estimates provided in response to our initial review, I now believe this project should qualify for a CRA Incentive Grant as requested.

Yours truly,



Michael E. Warren
President



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26 July 2006

Ms. Kate Parmalee, Manager
Gainesville Community Redevelopment Agency
The Commerce Building
300 E. University Avenue, Suite 240
Gainesville, FL 32601

Re: Camden Court Apartments Redevelopment Incentive Program Grant –
Supplemental Report

Dear Kate:

In light of the supplementary information provided by the developer of the Estates at Camden Court Apartments, several of the questions identified in the initial report dated 7 July 2006 have now been answered. In particular, there was a question about the lump sum construction expense of the new units at \$1,969,444 (equivalent to \$142.99 per square foot) identified in the grant application. The applicant has provided detailed construction plans which demonstrate the scope and quality of the project. Further, the applicant has presented construction bids from several general contractors verifying this number. I am now convinced that based upon this additional information, the construction cost, although high, is reasonable in light of the recent run-up in construction costs.

Further the applicant has revised the estimated real estate tax expense downward by approximately \$28,000, resulting in a pro-forma expense of \$2.37 per square foot, which is consistent with other comparable rental properties in the area. The insurance cost has been identified as \$16,250 or \$0.96 per square foot, which although high due to the difficult insurance market for apartments, is again a more reasonable number. Combined, the first year revised tax and insurance expenses now total \$56,250, or \$3.34 per square foot, a much more reasonable number than the previously estimated \$4.99.

As a result of the revised expense estimates, the Camden Court project comes closer to financial feasibility, achieving a debt coverage ration of 0.92 (i.e. having the ability to cover 92% of the debt service after expenses). When projected tax increment grants are added to the mix, the project will actually show an initial slight profit, and a first year debt coverage ration which should allow it to obtain acceptance in the capital markets.

Given the supplemental information and the revisions to the expense estimates provided in response to our initial review, I now believe this project should qualify for a CRA Incentive Grant as requested.

Yours truly,



Michael E. Warren
President