

SOUTHWEST 2ND AVENUE, LLC.

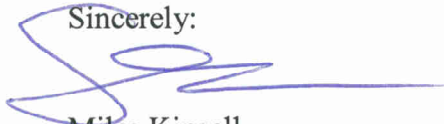
**P.O. BOX 1527
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Kate Parmelee
Interim CRA Manager
Gainesville CRA
Mail Station 48, P.O. Box 490
Gainesville, FL 32602-0490

Dear Kate:

Thank you for alerting me to our oversight. Indeed, we did inadvertently omit Section I "Incentives Requested" from The Palms' Transformational Projects Incentive Program Application. I have enclosed a copy of Section I detailing the eligible reimbursable expenses we are requesting. Additionally, per your correspondence dated November 13, 2006 we request that the date of The Palms' application be used in calculating the NPV of the incentive. Again, thank you for all your assistance and should you require any additional information please do not hesitate to contact me.

Sincerely:



Miles Kinsell
Manager
S.W. 2nd Ave., LLC

I. Incentives Request

Project Related Fees

- The total estimated fees associated with this project:
 - Permits: \$ 65,000
 - Connection Fees: \$144,000
 - Total Project Related Fees: \$209,000

Public Infrastructure

- A water line extension is required in the right of way along 2nd Avenue for the development of this project.
- Sanitary Sewer line connections will be required on 3rd street necessitating demolition and repaving of portions of 3rd Street.
- CRA guidelines for the area of the site require the addition of upgraded pedestrian lighting, modification of existing hardscape and landscape features.
- We request \$113,032 to offset the above costs.

Development of Stormwater Facilities Off-site

- Because the developable area is limited, stormwater discharge will be required off-site.
- We request \$35,000 for the development of the off-site storm water facilities.

Façade Enhancements

- The Palms has been designed to incorporate the goals of the CRA, including positioning the development to suggest architectural permanence, to provide high profile direct pedestrian connections and enhanced landscape features. The building will be oriented toward the street reinforcing the street edge with architecturally interesting and open features as well as articulated in a manner to create a more traditional character, matching the context of the surrounding neighborhood. This includes incorporating the use of faux entryways, balconies to create a "porch like effect," ornamental fencing at the perimeter, and upgraded exterior building materials that are compatible with the neighborhood.

- We request \$210,000 to offset the façade enhancements.

Environmental Improvements

- The proposed property currently has a monitoring well on site. The design of The Palms will require this well be relocated to another part of the property.
- We request \$9,500 to offset the cost of relocating the monitoring well.

Land Cost

- The parcels are being acquired at a premium due to their size and the close proximity to the University/Downtown area. As evidenced by the market analysis performed by Coldwell Banker MM Parrish (Appendix A of The Palms CRA application) the proposed property is in a highly sought after area of Downtown Gainesville. We request \$585,000 to offset land cost.