

THE OLYMPIA
COMPANIES

May 9, 2007

Community Development Committee (CDC)

Attn: Mr. Jim Cloutier

Attn: Miss Jill Duson

Attn: Mr. Kevin Donohugue

389 Congress St.

Portland, ME 04101

Re: Ownership of the Maine State Pier and environmental zoning

Dear Mr. Cloutier, Miss Duson, and Mr. Donohugue:

As a follow-up to the Community Development Committee meeting of April 25, 2007, we seize upon this opportunity to clarify our positions regarding the recent assertions by the Maine Dept. of Conservation regarding submerged lands ownership claims as well as possible conflicts between our proposal for the redevelopment of the Maine State Pier and environmental zoning guidelines.

During the course of our due RFP diligence process, we did learn of possible conflicting ownership claims regarding the Maine State Pier. Consequently we did, on two occasions, meet with Mr. Dan Prichard, Chief Planner - Submerged Lands Program at the Maine Dept. of Conservation - Bureau of Parks and Lands, who briefed us on the submerged lands lease regarding the Maine State Pier and the various restrictive covenants contained therein. Additionally the Olympia Companies did have a dialogue with Mr. Paul Pottle of the Maine Department of Transportation (MDOT), as it was MDOT who was the lessor of the submerged lands to the City of Portland.¹ At this time the Olympia Companies believes that any ownership conflicts can and should be resolved through direct discussion between the City of Portland and the State of Maine. And while we would like to contribute to these efforts, we also believe it would be inappropriate to do at this stage of the RFP process.

Regarding possible conflicts that our proposal may have with current environmental zoning laws (specifically shoreland zoning and NRPA), we are cognizant of these as on two occasions we did meet with the Maine Department of Environmental Protection (MDEP) as well as the Maine Department of Marine Resources, the U.S. Army Corps of Engineers, the U.S. Environmental Protection Agency, the U.S. Fish and Wildlife Service, and the National Oceanic and Atmospheric Administration. We also met with and/or included in our planning process representatives from various environmentally focused organizations including, but not limited to, Friends of Casco Bay (Joe Payne) and Portland Trails (Nan Cumming, Jaime Parker) who helped guide us during the process and have reviewed and accepted our proposal after its submission.

¹ Please see the Additional Data & Exhibits section of our proposal for copies of correspondence between the Olympia Companies and these individuals.

And while we believe that the above-mentioned assertions may be facially correct, we are confident in the merits of our proposal because of what we heard in our meetings, namely that our proposal is the most practicable solution for: permanently fixing the currently failing skirtwall (so noted in the Appledore Engineering Study) and northerly portion of the pier, rehabilitating and jacketing the much deteriorated creosote pilings and cross bracing on the southerly portion of the pier, providing much sought-after public access to the harborfront, enhancing working waterfront access, attention to and minimization of impact on the environment, accommodation of, and consideration to all current tenants and abutting landowners, adherence to master plan guidelines, etc.

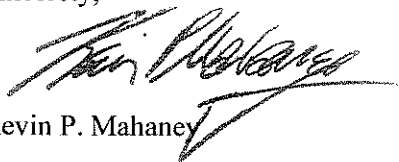
The pier is a City asset and we understand that for it to be a functioning and vibrant long-term asset, it needs to be fixed immediately and that the City must have surety that it will be maintained and updated (via sufficient funding and planning) for when its management reverts back to the City. Our proposal explicitly provides for this, moreover, our plan also incorporates storm water runoff and vehicular pollutant capture and retention systems, effectively recycles a large portion of the existing transit shed, will adhere to LEED construction guidelines, provide over four acres of public open space including the proposed two acre Casco Bay Park, will promote local businesses by encouraging a franchise free pier experience, and numerous other valuable benefits. It will deliver to the City of Portland a much needed and so desired internationally recognized signature waterfront that will attract visitors from all over the world.

We're aware that the City of Portland has had recent discussions with MDEP, and possibly other environmental agencies about altering zoning guidelines, and in the case of MDEP specifically setback limitations. No doubt the City recognized that were any economically viable project to succeed and generate sufficient revenues to rehabilitate the Maine State Pier, any such limitations might possibly need to be either relaxed or altered. And we believe that if either redevelopment proposal is to succeed and receive approval from MDEP and the various other environmental agencies, the City of Portland will need to continue its efforts to work with all appropriate state and federal agencies to elicit any necessary changes.

Should we at some point be chosen to redevelop the Maine State Pier, we look forward to working with the City of Portland, as we have in the past, to effectuate the requisite changes. You may recall that Olympia has worked successfully with the City on two occasions now to negotiate and resolve issues with State agencies; The first such occasion was during the development of our Norway Savings Bank building where we worked together to realign Massachusetts Avenue, widen Congress St., and introduce a traffic light and turning lane to accommodate the planned intersection. In another instance we worked closely with Larry Ash from the City to negotiate with the Maine Department of Transportation (MDOT) to abandon and move right of ways on Franklin Arterial and Commercial Street, waive highway setbacks, and worked with the Portland Water District to move the sewage overflow through Commercial Street. We are confident that if required to do so again, that we can work hand in hand with the City to overcome hurdles standing in the way of the redevelopment of the Maine State Pier.

I hope that this letter clarifies our position on these issues. If you have any comments or questions about anything contained herein, please contact me at your earliest convenience.

Sincerely,



Kevin P. Mahaney