



Ocean properties, Ltd.
Hotels and Resorts

June 22, 2007

Ms. Ellen Sanborn, Assistant Finance Director
City of Portland
389 Congress Street, Room 103
Portland, ME 04101

Dear Ellen:

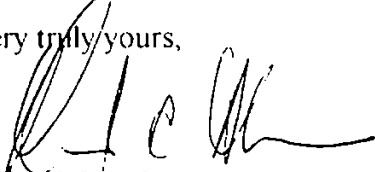
It was a pleasure finally meeting with you last week. The following outlines the amendments to the financial terms of our response to the City's original proposal, and to the requests made by the City of each respondent for changes last week.

1. Lease Term – 99 Years with the right to renew on negotiated terms for an additional 99 years at the end of the first period.
2. We will not request a TIF from the City, and will pay the full assessment as determined by and with the City tax assessor after CO for the project. Based on my conversation with Mr. Blackburn, we have supplied tax estimates based on his projected mill rate.
3. We have structured an annual lease payment for the underlying land and baybottom with incremental increases over the term of the lease.
4. The improvements to the Pier itself, existing structures, additions of dolphins and bollards are estimated at \$18,000,000 and will be entirely paid for by the developer with the beneficiary being the City of Portland as the Pier owner.
5. The savings for the City of Portland by having the developer take over the responsibilities for the utilities, labor and various other operating expenses net of existing income are estimated at \$400,000 in year one.
6. The Pier itself, after being fully renovated, will require ongoing repairs and maintenance to insure its remaining as a first class facility. We estimated these at approximately \$475,000 in year one of operation.

In all cases we have estimated inflation at a conservative 2% rate, and based on our estimates the total financial benefit to the City in year one will be \$1,719,000 plus our \$18,000,000 investment in the Pier improvements.

We have previously supplied to you financial information and references which would hopefully indicate to you're the financial strength and development experience of our company. We believed based on that information and our references that we are the natural choice for the project, and look forward to further discussions and to our meeting on June 27th, 2007. We have attached our estimated financial benefit to the City over the initial term of the lease. Please call with any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Richard C. Ade', with a long horizontal flourish extending to the right.

Richard C. Ade
Executive Vice President

**Maine State Pier Financial Benefit to City
Ocean Properties Proposal
99 years
Annual rate of Inflation 2%**

Year	-----Lease Income Components-----							
	Initial Investment by Ocean Properties in Pier Impr., Dolphins & Ballards, Park Areas etc.	Land lease Income From Ocean Properties	Cost Savings From Exlating Operational Costs Including Utilities	Ongoing Pier Maintenance	Total Lease Benefit to City	New Taxes on Ocean Properties Improvements	TIF to Ocean Properties	Total Financial Benefit To City
1	\$ 18,000,000	\$ 100,000	\$ 400,000	\$ 475,000	\$ 975,000	\$ 744,000	NONE	\$ 19,719,000
2		100,000	408,000	484,500	992,500	758,880		1,751,380
3		100,000	416,160	494,190	1,010,350	774,058		1,784,408
4		100,000	424,483	504,074	1,028,557	789,539		1,818,096
5		100,000	432,973	514,155	1,047,128	805,330		1,852,458
6		100,000	441,632	524,438	1,066,071	821,436		1,887,507
7		100,000	450,465	534,927	1,085,392	837,865		1,923,257
8		100,000	459,474	545,626	1,105,100	854,622		1,959,722
9		100,000	468,664	556,538	1,125,202	871,715		1,996,917
10		100,000	478,037	567,669	1,145,706	889,149		2,034,855
11		110,000	487,598	579,022	1,176,620	906,932		2,083,552
12		110,000	497,350	590,603	1,197,953	925,070		2,123,023
13		110,000	507,297	602,415	1,219,712	943,572		2,163,283
14		110,000	517,443	614,463	1,241,906	962,443		2,204,349
15		110,000	527,792	626,752	1,264,544	981,692		2,246,236
16		110,000	538,347	639,287	1,287,635	1,001,326		2,288,961
17		110,000	549,114	652,073	1,311,187	1,021,353		2,332,540
18		110,000	560,097	665,115	1,335,211	1,041,780		2,376,991
19		110,000	571,298	678,417	1,359,715	1,062,615		2,422,331
20		110,000	582,724	691,985	1,384,710	1,083,868		2,468,577
21		120,000	594,379	705,825	1,420,204	1,105,545		2,525,749
22		120,000	606,267	719,942	1,446,208	1,127,656		2,573,864
23		120,000	618,392	734,340	1,472,732	1,150,209		2,622,941
24		120,000	630,760	749,027	1,499,787	1,173,213		2,673,000
25		120,000	643,375	764,008	1,527,383	1,196,677		2,724,060
26		120,000	656,242	779,288	1,555,530	1,220,611		2,776,141
27		120,000	669,367	794,874	1,584,241	1,245,023		2,829,264
28		120,000	682,755	810,771	1,613,526	1,269,924		2,883,449
29		120,000	696,410	826,986	1,643,396	1,295,322		2,938,718
30		120,000	710,338	843,526	1,673,864	1,321,228		2,995,093
31		130,000	724,545	860,397	1,714,941	1,347,653		3,062,594
32		130,000	739,036	877,605	1,746,640	1,374,606		3,121,246
33		130,000	753,816	895,157	1,778,973	1,402,098		3,181,071
34		130,000	768,893	913,060	1,811,952	1,430,140		3,242,093
35		130,000	784,270	931,321	1,845,592	1,458,743		3,304,334
36		130,000	799,956	949,948	1,879,903	1,487,918		3,367,821
37		130,000	815,955	968,946	1,914,901	1,517,676		3,432,578
38		130,000	832,274	988,325	1,950,599	1,548,030		3,498,629
39		130,000	848,920	1,008,092	1,987,011	1,578,990		3,566,002
40		130,000	865,898	1,028,254	2,024,152	1,610,570		3,634,722
41		140,000	883,216	1,048,819	2,072,035	1,642,782		3,714,816
42		140,000	900,880	1,069,795	2,110,675	1,675,637		3,786,313
43		140,000	918,898	1,091,191	2,150,089	1,709,150		3,859,239
44		140,000	937,276	1,113,015	2,190,291	1,743,333		3,933,624
45		140,000	956,021	1,135,275	2,231,296	1,778,200		4,009,496
46		140,000	975,142	1,157,981	2,273,122	1,813,764		4,086,886
47		140,000	994,645	1,181,140	2,315,785	1,850,039		4,165,824
48		140,000	1,014,537	1,204,763	2,359,301	1,887,040		4,246,340
49		140,000	1,034,828	1,228,858	2,403,687	1,924,780		4,328,467
50		140,000	1,055,525	1,253,436	2,448,960	1,963,276		4,412,236
51		150,000	1,076,635	1,278,504	2,505,140	2,002,541		4,507,681
52		150,000	1,098,168	1,304,074	2,552,242	2,042,592		4,594,835
53		150,000	1,120,131	1,330,156	2,600,287	2,083,444		4,683,731
54		150,000	1,142,534	1,356,759	2,649,293	2,125,113		4,774,406
55		150,000	1,165,385	1,383,894	2,699,279	2,167,615		4,866,894
56		150,000	1,188,692	1,411,572	2,750,264	2,210,968		4,961,232
57		150,000	1,212,466	1,439,804	2,802,270	2,255,187		5,057,457
58		150,000	1,236,715	1,468,600	2,855,315	2,300,291		5,155,606
59		150,000	1,261,450	1,497,972	2,909,421	2,346,297		5,255,718
60		150,000	1,286,679	1,527,931	2,964,610	2,393,222		5,357,832
61		160,000	1,312,412	1,558,490	3,030,902	2,441,087		5,471,989
62		160,000	1,338,661	1,589,659	3,088,320	2,489,909		5,578,229
63		160,000	1,365,434	1,621,453	3,146,886	2,539,707		5,686,593
64		160,000	1,392,742	1,653,882	3,208,624	2,590,501		5,797,125
65		160,000	1,420,597	1,686,959	3,267,557	2,642,311		5,909,868
66		160,000	1,449,009	1,720,698	3,329,708	2,695,157		6,024,865
67		160,000	1,477,989	1,755,112	3,393,102	2,749,060		6,142,162
68		160,000	1,507,549	1,790,215	3,457,764	2,804,042		6,261,805
69		160,000	1,537,700	1,826,019	3,523,719	2,860,122		6,383,842
70		160,000	1,568,454	1,862,539	3,590,994	2,917,325		6,508,318
71		170,000	1,599,823	1,899,790	3,669,613	2,975,671		6,645,285
72		170,000	1,631,820	1,937,786	3,739,606	3,035,185		6,774,790
73		170,000	1,664,456	1,976,542	3,810,998	3,095,888		6,906,886
74		170,000	1,697,745	2,016,073	3,883,818	3,157,806		7,041,624
75		170,000	1,731,700	2,056,394	3,958,094	3,220,962		7,179,056
76		170,000	1,766,334	2,097,522	4,033,856	3,285,382		7,319,238
77		170,000	1,801,661	2,139,472	4,111,133	3,351,089		7,462,222
78		170,000	1,837,694	2,182,262	4,189,956	3,418,111		7,608,067
79		170,000	1,874,448	2,225,907	4,270,355	3,486,473		7,756,828
80		170,000	1,911,937	2,270,425	4,352,362	3,556,203		7,908,565
81		180,000	1,950,176	2,315,834	4,446,009	3,627,327		8,073,336
82		180,000	1,989,179	2,362,150	4,531,329	3,699,873		8,231,203
83		180,000	2,028,863	2,409,393	4,618,356	3,773,871		8,392,227
84		180,000	2,069,542	2,457,581	4,707,123	3,849,348		8,556,471
85		180,000	2,110,933	2,506,733	4,797,666	3,926,335		8,724,001
86		180,000	2,153,152	2,556,867	4,890,019	4,004,862		8,894,881
87		180,000	2,196,215	2,608,005	4,984,219	4,084,959		9,069,178
88		180,000	2,240,139	2,660,165	5,080,304	4,166,658		9,246,962
89		180,000	2,284,942	2,713,368	5,178,310	4,249,991		9,428,301
90		180,000	2,330,640	2,767,636	5,278,276	4,334,991		9,613,267
91		190,000	2,377,253	2,822,988	5,390,241	4,421,691		9,811,933
92		190,000	2,424,798	2,879,448	5,494,246	4,510,125		10,004,371
93		190,000	2,473,294	2,937,037	5,600,331	4,600,327		10,200,659
94		190,000	2,522,760	2,995,778	5,708,538	4,692,334		10,400,872
95		190,000	2,573,215	3,055,693	5,818,909	4,786,181		10,605,089
96		190,000	2,624,680	3,116,807	5,931,487	4,881,904		10,813,391
97		190,000	2,677,173	3,179,143	6,046,317	4,979,542		11,025,859
98		190,000	2,730,717	3,242,726	6,163,443	5,079,133		11,242,576
99		190,000	2,785,331	3,307,581	6,282,912	5,180,716		11,463,628
	\$ 18,000,000	\$ 14,310,000	\$ 122,051,885	\$ 144,936,613	281,298,499	\$ 227,016,505	\$ -	775,303,501