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August 7, 2007

Honorable Ed DePuy
Chairman
Leon County Board of County Commissioners
301 South Monroe Street, 5th Floor
Tallahassee, FL 32301

Honorable John Marks
Mayor
City of Tallahassee
300 South Adams Street
Tallahassee, FL 32301

Parwez Alam
County Administrator
Leon County
301 South Monroe Street, 5th Floor
Tallahassee, FL 32301

Anita Favors Thompson
City Manager
City of Tallahassee
300 South Adams Street
Tallahassee, FL 32301

RE: Tallahassee Mall Inclusion into the Frenchtown/Southside Community
Redevelopment Area (F/S CRA)

Dear Sirs and Madam:

Who We Are

In 2005 FMP Tallahassee LLC, acquired the Tallahassee Mall. FMP Tallahassee LLC is a wholly owned subsidiary of Feldman Mall Properties, Inc. Feldman Mall Properties, Inc. is a modern business entity that encompasses a century of success in commercial real estate development, management and ownership throughout the United States. In the last 25 years, my son Larry Feldman and I, together with our partners have developed or acquired over 20 million square feet of office and retail properties with an aggregate value in excess of \$3 billion. Feldman Equities is a standout, recognized for its hands-on approach to turning around distressed assets. Today, Feldman Mall Properties, Inc. owns a portfolio of enclosed retail shopping malls in Arizona, Florida, Pennsylvania, and New York.

Feldman Mall Properties, Inc. acquires regional shopping malls to redevelop and re-lease them so that they can flourish, and become competitive in an ever changing marketplace. The company's plan is to create shopping centers that offer alternative retail shops or entertainment facilities, such as movie theaters, that will draw shoppers from outside of the trade area. All of this will make the Tallahassee Mall healthier, and not only preserve the existing property and sales tax

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Parwez Alam, County Administrator
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bases, but will make them grow. In addition, based on our experience, a healthy and prospering Tallahassee Mall will cause the entire surrounding area to thrive and prosper and improve in every way. As an example, our recent experience in Harrisburg, Pennsylvania demonstrates our abilities.

In late 2003, as part of this strategy, we acquired the Harrisburg Mall, and immediately replaced Lord & Taylor, which was vacating about 225,000 square feet of space, with burgeoning retail store Bass Pro Shops and added Boscov's Department Store, a new 14-screen movie theater and other first class stores and restaurants. "You've gotta make the mall Wal-Mart resistant."

When we acquired the then named "Harrisburg East Mall", the property was in dire straits, and Township officials believed the mall would soon become a "land scrape," as the former owner was not actively marketing or improving the 840,000 square-foot circa 1969 shopping center, which was the first enclosed mall in the region. In partnership with and aided by tax incentives from the Township, we acquired the property in October of 2003 and immediately began one of the most incredible turnaround stories in real estate history. During the term of its purchase contract, we worked around the clock, in cooperation with the property's seller, to formulate a rescue package. As a result of these efforts, we secured two new anchor tenants, a 225,000 square-foot Bass Pro Shops outlet and a 185,000 square-foot Boscov's Department Store, and renewed a third anchor, signing a long-term lease for 180,000 square feet with Hecht's Department Store, which became Macy's and adding shops and restaurants. In addition, Feldman invested over \$40 million to fund a complete renovation of the property. The project was nominated for several national "Deal of the Year" awards.

According to officials with Swatara Township, the result of Feldman Mall Properties' investment in and management of the Harrisburg Mall has had a dramatic economic ripple effect throughout Upper Swatara Township. Instead of losing the Township's single largest taxpayer, as well as tax revenue from the Business Privilege (Gross Receipts) Tax, sales tax, and the 800 jobs associated with the mall, tax receipts have increased significantly, and job creation is steadily rising. In addition, the new life breathed into the Harrisburg Mall has sparked other investment and development in the surrounding area¹, which had been devastated by the loss of 2,000 jobs when a major manufacturing company closed their headquarters and four-building Business Campus in Upper Swatara Township.

¹ A partial list of the renovations and new construction around the "Harrisburg Mall" since its first phase development includes Paxton Street Commons, a new strip shopping center under construction directly across Paxton Street from the Mall. To the East, less than a quarter mile away, the Walsh Properties were renovated and expanded for new retail sales. The old Harrisburg Paper Warehouse across I-83 from the Mall has been renovated and occupied. Adjacent to the Mall, Tec Port, a high-tech business park, was developed on the old AMP campus. Tec Port Business Park now includes Computer Aid Inc., the regional offices for Health America, Blue Cross and Trane Inc. Tec Port business employees have more than doubled the number who left when AMP Inc. left the area. In addition, two new hotels have been built, a Hilton Gardens and Homewood Suites. The Commerce Bank Corporate Headquarters building, a Ruby Tuesdays restaurant and a small strip center have also been built. Other adjacent development includes a Fudruckers restaurant, an Isac's restaurant, Tuscano's restaurant, Cornerstone Coffee House, Belco Credit Union corporate offices and a new Marriot Hotel that are all currently under construction. The renovation of four other buildings has taken place along the Paxton Street corridor to the West. Further east, Highpoint Commons, a 450,000 square-foot shopping center, has been developed with a Target and a JC Penney who could not be accommodated at the Harrisburg Mall.

In addition to the improvements we made, the State of Pennsylvania, together with the township of Swatara, the Central Dauphin County School District, and Dauphin County all collectively contributed \$8 million dollars in economic development aid to the property, including funds to upgrade the mall's Paxton Street access road and exit on Interstate 83.

Our Commitment to Tallahassee

Before deciding to acquire the Tallahassee Mall in 2005, we analyzed the Tallahassee market, the community and its political leadership. We were impressed with all three, leading us to make the decision to invest in the purchase of the mall. At the time of the Tallahassee Mall acquisition, we were not aware of any new developments contemplated in the general area, and frankly, were assured by the various department stores that they intended to stay at Tallahassee Mall. However, with the advent of the overall deterioration of the North Monroe Street area (one only has to look at the businesses at the corner of Monroe and Allen Road: Cash America Pawn) and now other new developments outside of the City of Tallahassee will compete, causing the degradation of the commercial areas on North Monroe Street. As you may be aware, Dillard's department store intends to close its North Monroe Street location at the end of this year. Additionally, we are very concerned that the area surrounding our investment can go "straight down," unless we do something about it. Replacement of a department store is a very expensive process because department stores know that a mall is highly dependent upon their being in the mall. These expenses usually are altering the basic building to suit the store's needs and a huge tenant improvement allowance. In some cases, huge inducement payments are required to give the mall 10-15 year continuous operations provisions.

Please remember that many malls throughout the country have closed, for very similar reasons. If the Tallahassee Mall was to close, the real estate tax base of \$1,179,345 would be diminished, the sales tax of \$6,190,203 would be eliminated, about 850 jobs at the Mall would disappear, and the entire surrounding community would be severely affected.

FMP has embarked on a redevelopment plan to re-position Tallahassee Mall as the retail leader in the City of Tallahassee, Leon County, and the surrounding community, but we need a partnership with the City of Tallahassee and Leon County to achieve this goal.

Here is what we are willing to do

We believe in Tallahassee, the North Monroe Street Corridor, and our obligation as property owners to be willing to make a substantial investment. However, the cost of redevelopment and modernization will be over \$47,000,000. But we cannot do this alone. In order for this to be accomplished, we will need to partner with and receive help from Tallahassee and Leon County.

We are working on finalizing numbers breaking down the renovation costs, real estate taxes and sales tax increases, and sets forth the parameters for the investment that needs to be made that can be shared with your staff at such time as you authorize them to work with us. Additionally, innovative partnership projects in conjunction with the City and the County could include things such as street improvements (some already planned for Monroe Street), the Mall's agreement to use its parking field for "Park & Ride," which will benefit the City and County's transportation dilemmas, design standards for the North Monroe Street corridor, reduce pollution, traffic congestion and accidents, and conserve energy.

A well known tax scholar has defined the main reason for economic redevelopment help is: "It's necessary in order to preserve the existing tax base." In the case of Tallahassee Mall, there are at least three existing tax bases to preserve, i.e.: (1) The property tax base of \$1,179,345.92; (2) the sales tax base of \$6,190,203; and (3) there are nearly 1,000 jobs to preserve.

In addition to all of the above, the positive upside is that we believe that with all the redevelopment, the County and City property tax base will increase, and the sales tax base will rise much more sharply, by about \$1,000,000 per year, although, the total additional taxes could be over \$2 million per year. In addition, about 273 new jobs will be created! This is on the low side. However, it may take three to four years to attain these levels.

During the Construction and Redevelopment Period, many construction jobs will be created, and sales taxes on construction materials will be generated.

Of paramount importance, is what happens to the surrounding area, if a mall should fail or succeed.

We have seen, in different areas, how horribly depressed it can become, when, a mall fails: businesses close; many jobs are lost; many properties cannot be maintained and go into disrepair; people move away; the crime rate rises; vandalism is rampant; and school drop-out rates rise.

We have also seen what happens to an area when the main Mall becomes successful: businesses thrive and expand; new businesses come in; many new jobs are created; properties throughout the area are upgraded and beautifully maintained; people move into the area; the crime rate drops; school drop-out rates fall and scholastic standings go up.

As mentioned above, we have just experienced phenomenal success in Swatara Township, a suburb of Harrisburg, Pennsylvania. (Please see the letter enclosed from the Commissioner of the Swatara Township.) The beneficial effect that the first phase of our redevelopment had on the surrounding area is remarkable!

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Therefore, we respectfully request that we each commence the following:

Feldman Mall Properties will commence the process to develop the detailed plans and working drawings necessary to implement the redevelopment of the Tallahassee Mall.

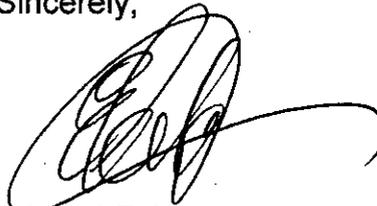
Leon County and City of Tallahassee commission's direct their staff by appropriate motion or resolution to work with Feldman Mall Properties to develop a plan to bring back before the appropriate commissions action items within 60 days to support partnership and redevelop the Tallahassee Mall and the North Monroe Street corridor.

Leon County and City of Tallahassee commission's direct staff to commence the inclusion of the Tallahassee mall property in the Frenchtown/Southside Community Redevelopment Area (F/S CRA). (If this is not deemed viable, then commence the creation of a new CRA)

We hope that you find this request agreeable and in the best interests of Tallahassee and Leon County.

Thank you, in advance, for working with us to create a partnership for Tallahassee's future.

Sincerely,



Edward Feldman
Consultant to Feldman Mall Properties, Inc.

Enclosure