

HUGHES GRIFFIS
EDWARD B. O'CONNELL
TRACY M. COLLINS*
PHILIP M. JOHNSTONE+*
CHARLES C. ANDERSON
KERIN M. WOODS+
ELLEN C. BROWN
MARK S. ZAMARKA**
MATTHEW R. KINELL
HANNALORE B. MERRITT

OF COUNSEL:
WILLIAM W. MINER
ROBERT W. MARRION
ROBERT P. ANDERSON, JR.
FREDERICK B. GAHAGAN

WALLER, SMITH & PALMER, P.C.
COUNSELORS AT LAW

52 EUGENE O'NEILL DRIVE
P.O. BOX 88
NEW LONDON, CT 06320
(860) 442-0367
FAX (860) 447-9915

FOUNDED IN 1885 AS
WALLER & WALLER

TRACY WALLER (1862-1947)
J. RODNEY SMITH (1906-1979)
BIRDSEY G. PALMER (1915-2000)

*ALSO ADMITTED IN MASS.
+ALSO ADMITTED IN R.I.
**ALSO ADMITTED IN MICH.

May 22, 2013

BY EMAIL AND U.S. MAIL

Attorney John Martin
River Bank Construction, LLC
2 Pan Handle Lane
Westport, CT 06880

Dear Attorney Martin,

On behalf of Renaissance City Development Association, Inc. ("RCDA") this will acknowledge receipt of your Notice of Dispute dated May 21, 2013 wherein you, on behalf of Riverbank Construction, LLC ("Developer"), demand the "immediate conveyance of the deed and related documents to Developer for Parcels 2B and 2C."

On May 10, 2013 RCDA certified to the Department of Economic and Community Development ("DECD") that the Developer had satisfied all conditions precedent of Section 3.01 of the Development Agreement subject to the Developer closing its loan with M&T Bank in accordance with its commitment letter dated April 22, 2013. Institutional lenders such as M&T bank are in the business of funding construction projects and have the mechanisms in place to oversee the disbursement of loan funds as the project is constructed. Typical construction lenders are subject to government regulations and the oversight of their corporate structure. In certifying to DECD that all the conditions of Section 3.01 had been satisfied, RCDA was relying on such regulations and M&T Bank procedures to assure RCDA that such funds would be available to complete project phase

The Predevelopment Phase, defined as a Key Milestone in the Development Agreement, ended on May 17, 2013. Despite my suggestion to you in the afternoon of May 16th that you submit a request for an extension of the Key Milestones under Section 8.08 of the Development Agreement, you declined to make such an extension request, and the Executive Committee did not consider one. At its meeting on Friday morning the RCDA Executive Committee did consider the Developer's alternative financing proposal, presented as the "last offer" a copy of which is attached. By Resolution 130517-01 the Executive Committee determined that such proposal did not satisfy the requirements of the Development Agreement and that it was not sufficient

basis for certifying satisfaction of the conditions precedent under Section 3.01 to DECD. Attached is a copy of said Resolution.

Since Friday morning various proposals have been discussed. It appears that the fundamental dispute arises from the Developer's expectation that Irwin Stillman may substitute himself for an institutional lender such as M&T Bank and still satisfy Section 3.01(b) of the Development Agreement. However, without the regulatory oversight and corporate structure of an institutional bank, RCDA requires additional assurances that funds will be available to complete the project if Mr. Stillman is the Developer's lender.

Further, a dispute arises from the Developer's insistence that the mere presentation of a bank statement which shows that Mr. Stillman currently has financial resources to fund the first phase of the project, satisfies all the conditions precedent of Section 3.01. A simple demonstration that funds are available on any given date and a promise that funds would be available in the future, does not in form or substance reasonably satisfy RCDA that funds will be available to complete the project phase and therefore does not satisfy 3.01 (b) of the Development Agreement.

RCDA expects that any alternative funding proposal would include a letter of credit or legal instrument by which RCDA would have adequate collateralized assets as necessary to complete the project phase.

Please be advised that RCDA have scheduled a meeting of its Executive Committee for tomorrow Thursday, May 23, 2013 to consider whether the Developer is in default of the Development Agreement.

This letter constitutes the RCDA's response to your Notice of Dispute under Section 8.07 of the Development Agreement.

Very truly yours,

A handwritten signature in black ink, appearing to read "Charles C. Anderson", written over a horizontal line.

Charles C. Anderson
Waller, Smith & Palmer, P.C.

Financing for 2B and 2C

New offer after the rejection of last night's offer to fund

1. 1.1 million dollars cash in local Bank to be used by Borrower for construction of Parcels 2B and 2C
2. \$2 million in cash in an account of Borrower and RCDA to be used for construction pay out on requisition and certification of architect- declining balance. – Two signatures required. (RCDA and 2BC)
3. Commitment by "IS" Bank to advance additional 3 million cash to Borrower upon requisition and certification of architect as the work progresses.
4. Will seek to obtain new 1st mortgage from new lender at any time to replace "IS" mortgage
5. RCDA waives its right of Reverter.
6. Lien releases for 2A and 3B signed by Ron Angelo and held by Amy Filotto and delivered to Two B-C Realty upon meeting its obligations under the Development Agreement.



Renaissance City Development Association, Inc.

www.RCDA.CO

Resolution 130517-01

It is hereby **RESOLVED** by the Executive Committee of the Board of Directors of the Renaissance City Development Association,

Whereas, RCDA has certified on May 10, 2013 to the State of Connecticut DECD that River Bank Construction, LLC has satisfied the conditions of Section 3.01 of the Development Agreement, with respect to Phase I of the Village on the Thames residential development, with such certification premised upon the Developer closing a loan with M&T Bank in accordance with its commitment letter dated April 22, 2013, and that this certification remains in effect, and

Whereas, subsequent to the above certification, River Bank Construction has proposed alternate funding of the Phase I construction with personal funds and has presented to RCDA its proposal for satisfying its conditions precedent to closing based upon its proposed use of such personal funds,

It is hereby resolved that the Executive Committee declares the River Bank Construction alternative financing proposal as presented does not satisfy the requirements of the Development Agreement, and the personal fund proposal as presented by River Bank Construction is not a sufficient basis for certification to DECD.

Certificate

I, Linda Mariani, Secretary of the Renaissance City Development Association, Inc., do hereby certify the above resolution was adopted at a meeting of the Executive Committee of the Renaissance City Development Association, Inc. held on May 17, 2013, and that said resolution is contained in the minutes of said meeting on file in the Renaissance City Development Association office, 165 State Street, Suite 421, New London, CT, and that it has not been modified nor rescinded whatsoever.

Attest:

Linda Mariani

Date