



December 14, 2016

Re: Jordan Development Update

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Dear Council Members,

Since our last update to Council we have continued to experience difficulties with financial viability of the project. Since the Summer we have continued to make adjustments to the building's design in order to bring it into a profitable and ultimately financeable project.

With this last round of changes I feel that we have finally reached a point of potential profitability for the project and can now attract both the equity and debt servicing necessary to move forward. The changes have not drastically changed the structure but have reduced the overall number of apartments down to approximately 130 and also the retail square footage in order to facilitate additional on-site parking. Other than this - the project remains the same.

We continue to work in tandem with our General Contractor verifying that our construction cost assumptions are validated and that they feel we are on target to maintain our budget. We currently estimate a development budget of just north of \$28M with construction costs of approximately \$25M.

As we approach a milestone in our original agreement, we are requesting a modification. Originally we believed that we could pull permits for construction by December 17, 2016 but this is no longer feasible due to the conditions described. Ultimately the most important factor in the project for the City of Bryan is that the project is constructed. This is our dedication, focus and goal. We believe that, if our current economic climate is maintained, we can pull permit for construction within 6 months if not earlier.

Please do not hesitate to contact us for additional information or in the event that Council would like to discuss further details of the project in closed session. We are certainly willing to share financial details and forecasting for the project as needed.

Thank you,

A handwritten signature in blue ink, appearing to read 'Chris Lawrence'.

Chris Lawrence
CEO, BCS Modern