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CITY OF DANBURY

OFFICE OF THE MAYOR
DANBURY, CONNECTICUT 06810

MARK D. BOUGHTON
MAYOR

(203) 797-4511
FAX (203) 796-1666

December 29, 2008

Honorable Members of the Common Council
City of Danbury, Connecticut

Dear Common Council Members:

A developer is proposing a cultural and upscale retail and lifestyle development for property owned by the City of Danbury on Old Ridgebury Road. This sounds like an interesting idea for consideration and I am writing to ask for a Common Council Ad Hoc committee to study the proposal.

Thank you for your consideration.

Sincerely,

Mark D. Boughton
Mayor

MDB/mm

Attachment

PRIOLET & ASSOCIATES, P.C.

ATTORNEYS AT LAW

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October 16, 2008

Hon. Mark D. Boughton
Mayor, City of Danbury
City Hall
155 Deer Hill Avenue
Danbury, CT 06810

Re: Old Ridgebury Road, Danbury, Connecticut

Dear Mayor Boughton:

By means of this letter, I should like to summarize your discussions concerning the proposed ground lease (the "Lease") of the referenced property from the City of Danbury to my client, Realty Equities Group:

Term of Lease: Ninety-nine (99) years, with one fifty (50) year option.

Rent: First ten (10) years: \$250,000 per annum, commencing when all approvals and permits necessary to construct the Project are in place and all appeal periods related thereto have lapsed (the "Rent Commencement Date"); thereafter, two percent (2%) increases per annum. Within thirty (30) days of the Rent Commencement Date, Tenant shall prepay the first ten (10) years of rent, in the aggregate sum of \$2,500,000.

Option to Purchase: At any time during the term of the Lease, based on fair market value

Intended Use: A cultural and upscale retail and lifestyle development encompassing approximately 95,000 square feet of mixed use space, including a movie theatre featuring independent films; approximately 6,000 square feet of studio/rehearsal space which would be made available to the City of Danbury for its use in promoting cultural and educational activities; parking (number of spaces to be determined).

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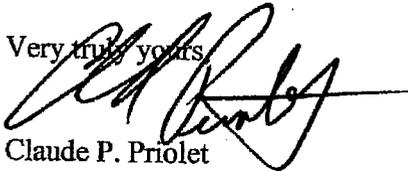
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Contingencies: All necessary and required approvals for the Project, including, but not limited to, final site plan approval and issuance of building permits to construct the Project.

If the foregoing proposal is acceptable, please countersign a copy of this letter, return it to me via fax and regular mail and have your Corporation Counsel contact me so that he and I may begin drafting the ground lease.

Thank you.

Very truly yours,



Claude P. Priole
cc: Realty Equities Group

UNDERSTOOD AND AGREED TO:

Hon. Mark D. Boughton

cpriole@priolelaw.com