

Memorandum

To: Jeffrey Epstein

From: Emad Hanna

Date: 03-29-05

Re: LSJ Wood Shop Construction

I received the figures for the wood shop construction and put together a cost detail analysis and a payment schedule for your review. Please note that I have reduced the overall cost by the \$ 44,000 payment made to Bill Karr for construction oversight.

The total cost of the project is \$ 1,278,250, which is a fixed amount, and should it exceed that amount it will not cost you a penny more; on the other hand there is a contingency amount of \$ 62,525 built in and any unused portion will be refunded back.

Please note that Bill is looking for you to front him \$ 79,500, which he will use to buy a Boat and a Dump Truck and will be reimbursed to you in the monthly payments (see attached payment schedule). Also Mr.Karr is looking to get a Notice to Proceed in order for this project to start by next week. Up front total that would be needed is \$ 261,000, which consists of the Misc Cost of \$ 79,500, plus Mobilization cost of \$ 156,000 and CM cost of \$ 25,500.