

Mark Heller

From: Amory Host [tahost@peak-properties.com]
Sent: Tuesday, February 19, 2008 7:52 PM
To: mark@gura.com
Subject: Clear Creek Commons

Dear Mark:

Thank you for meeting with me and for scheduling our request for the GURA Board for next Monday the 25th. As discussed, we have several challenges at Clear Creek Commons and we appreciate your consideration for assistance. The goal of our request is to secure \$50,000 in a cash grant. These funds would be used to retire the liens left by Rhapsody's when they abandoned the property and to best position the property for a new operator.

While several vendors and employees were negatively impacted, the entities with formal lien rights are limited to governments for unpaid taxes and UCC beneficiaries for loans. The IRS appears to be abandoning its' claim as uncollectible, but the City of Golden has a 1st tax lien of \$5,439.03 and the Colorado Dept of Revenue has a 2nd tax lien of \$14,842.22 secured by furnishings. Separately, the Standard Restaurant Equipment Company (SREC) has a 1st UCC claim for \$48,635 on the kitchen equipment and the Golden Civic Foundation has a claim for \$172,062 on all equipment and furnishings. In total the four entities are pursuing liens of \$240,978.25 against furnishings and equipment that is worth less than 50% of that amount.

If the items go to auction, the City of Golden will successfully retrieve its investment, the State and the SREC will get some portion of their investment, and the Civic Foundation would likely receive nothing. However, the auction process will materially delay and compromise our ability to secure a new operator. We are in serious negotiations with two qualified restaurant operators but both want the liens removed and immediate access to the property. With the liquor license expiring in 45 days and Memorial Day only 90 days away, time is of the essence.

Per my application to the City Council for future entitlement flexibility, our partnership has incurred \$2.7 Million in losses since inception and faced serious challenges even before the commercial space was abandoned. Since then we have met with the Planning Board, the City Council twice, and the Golden Civic Foundation twice. In yesterday's Civic Foundation meeting we received conditional support that we are considering for bridge financing to address the resident Entry Fees. On March 6th, we will meet again with the City Council with the hope of obtaining a successful closure on the entitlement concerns. However, these actions only support our partnership funding the ongoing operating losses for the community. There are no resources to retire Rhapsody's liens through an additional investment placing the property at risk for a long term vacancy.

Should GURA be willing to assist in this matter, I am confident I can negotiate an attractive settlement to all liens and provide the new operators with a kitchen and foundation for opening a new restaurant. There would be changes to décor and furnishings but the kitchen would remain in place and the credit of any furnishing sales would offset the new operator's other expenses. This will allow us to secure an operator on an accelerated schedule and maximize the potential sales tax revenue from the property.

Thank you for your consideration. I will be at the meeting Monday night to answer any questions and

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am available before then should you request any additional information.

Sincerely,

Amory Host
President

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1245 Pearl St. Suite #200
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Office: (303)-444-3020

2/21/2008



Mark Heller

From: Amory Host [tahost@peak-properties.com]
Sent: Wednesday, February 20, 2008 8:36 PM
To: mark@gura.com
Subject: Clear Creek Commons

Dear Mark:

Per your request, following is some additional background on the challenges and progress at Clear Creek Commons:

Entitlements: Per the letter to Steve Glueck of November 5th, 2007, we requested an option to convert the community to condominiums should the senior market continue to present challenges and an alternative exit strategy be required. The Planning Board approved our request subject to agreement on an "equitable" payment for parking. We agreed to a cash in lieu payment of \$185,400 for the 24 spaces allocated to the restaurant space. This would leave the residential portion of the development with full access to the 47 parking spaces representing 1 space per apartment and 2 visitor spaces.

On January 24th, 2008 the City Council rejected the Planning Board recommendation and modified the cash in lieu payment to represent 45 spaces derived by calculating the commercial parking and 1.5 spaces per residence. As this represents a cash in lieu payment in excess of any potential value through a conversion, it eliminates any value to the alternative exit strategy and any incentive for additional investment in the property.

We will again be heard by the Council on March 6th where we will renew our case for a reduced parking requirement. To support this request we will be presenting data concerning the size of our apartments and the parking requirements of neighboring municipalities. Specifically, while some of our floor plans are called "two bedrooms" they are also represented as one bedrooms with a den so it can be argued that we actually have 45 one bedroom apartments. Furthermore, our average square footage of all of our one and "two" bedrooms is 821 square feet which is 43% smaller than the average one bedroom floor plans in Millstone and Gateway Station. Based on this we will be requesting a parking ratio of one space per apartment in conformance with parking requirements in other municipalities for small apartments. We are hopeful that this will be approved allowing our partnership to support additional investment in the community.

Golden Civic Foundation: Per the letter from Chuck Baroch, we initially requested a loan of \$929,500 to pay off all of the resident Entry Fees. This was to be secured by a second deed of trust but was denied. We subsequently requested a loan for \$350,000 to pay off a portion of the Entry Fees as residents moved out, secured by a similar second deed of trust. This was conditionally approved subject to a different form of security. We are separately requesting a release of their UCC claim at no charge and hope to be heard on that matter on Monday.

We are pursuing all options to stabilize this asset and find a community solution to the challenges Clear Creek Commons faces. We thank the GURA Board for their past assistance and appreciate their consideration of this additional request.

Sincerely,

Amory Host
President

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