

November 10, 2015

**Hand Delivered**

City of Taylorsville City Council  
2600 West Taylorsville Blvd.  
Taylorsville, Utah, 84129

**Via: Email Transmission**

Jody K. Burnett, Esq.  
Williams & Hunt  
257 East 200 South, #500  
Salt Lake City, Utah 84111

Re: **Erickson Continuing Care Retirement Community**

Ladies and Gentlemen:

We represent Erickson Enterprises, Inc. ("**Erickson**"). Erickson, as buyer, and the City of Taylorsville, an agency of the State of Utah, as seller (the "**City**"), are parties to a certain Agreement of Sale executed September 17, 2014 and amended by an undated Addendum No. 1 and by a Second Amendment to the Agreement of Sale dated September 30, 2015 (the "**Purchase Agreement**"). The Purchase Agreement pertains to land now owned by the City located at approximately 6200 South between 3200 West and Bangerter Highway (the "**Land**"). Erickson is also the Developer pursuant to a Development Agreement which was approved by the City Council of the City of Taylorsville on October 21, 2015 pertaining to the Land and certain adjoining real property that Erickson has contracted to purchase from the Utah Department of Transportation (the "**Development Agreement**").

To facilitate development of the retirement community project contemplated by the Development Agreement, Erickson proposes to assign its rights under the Purchase Agreement and the Development Agreement to Utah Senior Living Campuses, LLC, a Delaware limited liability company (the "**Utah Senior**"). The members of Utah Senior are Gardner Taylorsville, L.C. ("**Gardner**"), Uncommon CCRC Investor LLC ("**iStar**") and MSLI, LLC ("**Methuselah**"). Attached is a summary provided by the management of Utah Senior and the principals of its members that details their relevant experience.

These assignments to Utah Senior do not change the plans for or the quality of the project, which will be modeled after the retirement community in Colorado that was visited by the City officials. It also does not change executive and management involvement by or authority of key personnel, Bruce Reese and Mark Erickson, who will be supported by John Erickson as a consultant. These assignments to Utah Senior, a new special purpose entity, are necessary to facilitate the participation by Bruce and Mark as the key day-to-day personnel and by the other real estate development professionals and equity providers who have been involved

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to date in the planning of this retirement community. These parties and their principals are contributing equity and expertise that will allow the project to proceed and succeed. In addition, ownership by a limited liability company, rather than a corporation, provides the most efficient income tax treatment for the project and its investors which will result in better economics and services for the occupants of the retirement community.

1. Assignment of Purchase Agreement. Copies of the document titled "Assignment of Rights under Agreement of Sale with the City of Taylorsville" have been provided to the City. Section 19)a) of the Purchase Agreement requires "the prior written consent of Seller which consent may be withheld or given in Seller's sole discretion ***not to be unreasonably withheld....***" (*emphasis added*). We believe the information provided above in this letter regarding the purposes for the transfer and on the attachment regarding the identity and experience of the principals of Utah Senior are such that withholding consent would be unreasonable under applicable contract law in Utah. We also note that the Agreement of Sale with the Utah Department of Transportation for the adjoining land contains an identical assignment provision and consent of the City to assignment of the Agreement of Sale has been granted by UDOT. Accordingly, Erickson and Utah Senior respectfully request consent to the proposed assignment of the Purchase Agreement.

2. Assignment of Development Agreement. The Development Agreement has not yet been executed. However, we believe the provision of the Development Agreement governing assignment should apply. Section 12.2 of the approved but unsigned Development Agreement provides the mechanism and standard for approval of an assignment of the Developer's rights under the Development Agreement.

12.2 Assignment. Neither this Agreement nor any of its provisions, terms or conditions may be assigned to any other party, individual or entity without assigning the rights as well as the responsibilities under this Agreement without the prior written consent of the City, ***which consent shall not be unreasonably withheld, conditioned or delayed.*** Under this Agreement, the rights with respect to the Retirement Community Property and Future Development Parcel may be separately assigned to different persons or entities subject to approval by the City as set forth in this Section 12.2. Any such request for assignment may be made by letter addressed to the City as provided herein and the prior written consent of the City may also be evidenced by letter from the City to Developer or its successors or assigns. The assignment of the Future Development Parcel portion of the Project shall require the assignee to sign a form of acknowledgement and consent agreeing to be bound by the terms of this Agreement and, to the extent then

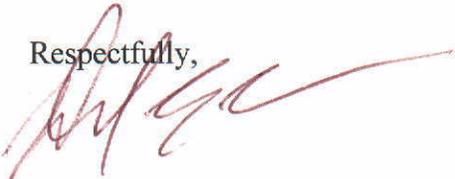
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finally approved, any land uses, concept plan, amendments to the site specific development standards set forth in Exhibit C and phasing plan approved by the City Council pursuant to the legislative process described in Sections 4 and 5.1 above for the Future Development Parcel portion of the Project. (*emphasis added*)

This letter constitutes the letter contemplated by Section 12.2 of the Development Agreement requesting consent to the proposed assignment of the Development Agreement. As with the proposed assignment of the Purchase Agreement, we believe the information provided above in this letter regarding the purpose of the transfer and on the attachment regarding the identity and experience of the principals of Utah Senior are such that withholding consent would be unreasonable under applicable Utah law. Utah Senior is willing to execute any appropriate form of acknowledgment and consent agreeing to be bound by the terms of the Development Agreement. Accordingly, Erickson and Utah Senior respectfully request consent to the proposed assignment of the Development Agreement.

Thank you for your consideration of these two requests. If you have questions or concerns, please do not hesitate to contact Bruce Reese, John Erickson, Christian Gardner or the undersigned.

Respectfully,  
  
David E. Gee

DEG/is

Attachment

cc: John Erickson  
Bruce Reese  
Mark Erickson  
Kem C. Gardner  
Christian K. Gardner  
Karl Frey  
John Chachas

## ATTACHMENT

Utah Senior Living Campuses, LLC (“Utah Senior”) has been formed to create a new style of large-scale senior living opportunity in Utah on the site in Taylorsville near the intersection of Bangerter Highway and 6200 South. It is fair to say that Utah Senior exists primarily because of John Erickson’s vision and passion about benefits to retirees that his style of CCRC provides, and we share that passion. We hope that the Taylorsville site is the first of many such campuses. But, our focus is on Taylorsville, a project that we anticipate will be the flagship.

Utah Senior has three members:

**The Gardner Company** (Gardner Taylorsville, L.C.). The Gardner Company is one of the intermountain area’s most reputable developers and builders of office, retail, industrial, commercial, residential communities, hotels, medical office buildings and multi-use buildings across the country, but now primarily in Utah and Idaho. The Gardner Company was founded by Kem C. Gardner, a prominent business and civic leader in Utah. Kem has developed and managed real estate for over forty years. The philosophy of Gardner Company is to build great relationships by partnering with other developers, governments and private companies with the highest of standards to benefit clients, communities, and the environment. One of the objectives of Gardner Company is to design and construct buildings that minimize the impact on the environment, improve the surroundings and enhance the workplace experience for tenants. The company and its principals also have a sterling record of community involvement. Christian Gardner, Chief Executive Officer of the Gardner Company, will be the principal contact on the project.

**iStar** (Uncommon CCRC Investor LLC). iStar finances, invests in and develops real estate and real estate related projects as part of its fully-integrated investment platform. Building on over two decades of experience and more than \$35.0 billion of transactions, iStar brings uncommon capabilities and new ways of thinking to commercial real estate and adapts its investment strategy to changing market conditions. iStar is a publicly traded REIT on the New York Stock Exchange (Ticker: STAR). As of 9/30/2015, iStar’s assets and shareholder equity totaled \$5.6 billion and \$1.1 billion, respectively.

iStar’s development business focuses its creative energies and agile disciplines on transforming bare spaces into unique places—reimagining landscapes and cityscapes, breaking new ground with state of the art designs and development of sustainable communities. The current land portfolio consists primarily of master planned communities, urban infill and waterfront development sites across a broad spectrum of markets, including some of the strongest markets in the United States.

Karl Frey, iStar’s Executive Vice President, Land & Development, is the principal contact for this project. Mr. Frey has over 25 years of diverse real estate investment, development, and leadership experience.

**Methuselah Advisers** (MSLI, LLC) is an affiliate of Methuselah Advisers. Methuselah Advisers is a New York-based investment and advisory firm, owned and operated by John Chachas. Mr. Chachas was raised in the West and graduated from Highland High School in Salt Lake City. He then attended Columbia University and Harvard Business School, where he graduated with distinction. His parents still live in Salt Lake City and he is a homeowner in Park City.

Methuselah Advisers has advised on numerous high profile media transactions including the recent sale of Journal Media Group to Gannett. Methuselah Capital's investment initiatives are across a variety of sectors including real estate. Additionally, Mr. Chachas and his family are development partners for a new project in Park City, in combination with Hyatt Hotels, among others.

**Management:**

In addition to the participation and guidance of its members, Utah Senior has assembled a small but experienced management team.

**Bruce Reese**, president, has lived Cottonwood Heights for over 30 years. Mr. Reese is a seasoned executive. Most of his professional experience has been in media, serving as president/CEO of Hubbard Radio and, prior to that, for 15 years as president/CEO of Bonneville International, headquartered in Salt Lake. Prior to joining Bonneville, Mr. Reese practiced law in Washington, D.C., and Denver. Community and professional activities include the United Way of Salt Lake Board (chair), Intermountain Healthcare Board (vice-chair), National Association of Broadcasters Board (chair), and Associated Press Board (director).

**Mark Erickson**, executive vice president, served 10 years with Erickson Living— one of the largest developers and operators of seniors housing and healthcare in the US. He started as a Business Analyst, grew to Executive Director, and ultimately Chief Operating Officer. As Executive Director, Mr. Erickson ran the daily operation of a community that served 2,000 seniors, and employed over 1,000 people— dining, maintenance, housekeeping, security, activities, social work, the medical practice, assisted living, rehabilitation, and long term care. As COO, he was responsible for serving over 20,000 seniors, with 10,000 employees, across 18 communities.

Utah Senior will also utilize **John Erickson** as a senior consultant on the project.