



July 8, 2011

City of Ames
Mayor Ann Campbell & City Council Members
515 Clark Avenue
Ames, IA 50010

RE: North Grand Mall/Grand Center Redevelopment

Dear Mayor and City Council Members:

As you know, significant and lasting changes have taken place in the economy during the last four years and the Streets of North Grand project that was envisioned in 2007 is no longer feasible. At the April 12, 2011 City Council meeting, members of the Council publicly expressed an unwillingness to grant additional extensions for the Streets project. Recognizing this, GK Development will not seek further extensions for a plan that can neither be tenanted nor built. Instead, we remain focused on an achievable redevelopment plan for Grand Center and have made additional progress since January toward obtaining major retailer commitments.

During the course of our discussions with retailers over the past two years, the building footprint and site plan have continued to change materially as tenants were added to the lineup. As a result, it has not been possible to begin the site plan approval process with the City. Additionally, financing this project requires tenant pre-commitment for a sizeable portion of the rentable space. For these reasons, announcement of retailers, initiation of the plan approval process, and ultimately construction, can only occur once tenant commitments have been secured.

GK Development continues to work very hard on this project and is doing everything that can be done to make it happen. We are highly motivated financially to do so. However, while the economy is slowly improving, times remain difficult and securing the necessary tenant commitments is taking far longer to accomplish than we had hoped. We understand that you and the community are as unhappy with the delays as we are, but that is the reality of the situation. Retailers that are expanding are planning fewer new stores than they were before the recession, while at the same time, are being attracted to competing locations with tax financing and other public incentives. One need look no further than neighboring Fort Dodge as a prime example of this. Nevertheless, we believe we are close to obtaining the necessary retailer commitments and feel it is now the appropriate time to begin the site plan approval process with the City. We remain committed to delivering a high quality retail project which will meet the needs of the community, and hope the Council will work with us as we accomplish this goal.

Sincerely,
GK DEVELOPMENT, INC.

A handwritten signature in black ink, reading 'Gregory Kveton'.

Gregory Kveton
Principal - Development