



GULF & PACIFIC EQUITIES CORP.

June 11, 2010

Mayor Glenn Andersen
Town of St. Paul
5101 – 50 Street
PO Box 1480
St. Paul, Alberta
T0A 3A0

Dear Mayor Andersen,

OPEN LETTER

I read with interest in last week's St. Paul Journal about yet another doctor leaving and how the residents are upset over this ongoing departure of medical professionals from St. Paul.

This is interesting, not because the departure will cause additional hardship for the residents of St. Paul, but for the lost opportunity of a new St. Paul Health Centre opening before the fall of 2010.

The selection by the committee for a site that has a higher cost, with an uncertain completion timeline, versus our proposal that is over \$2.0 million lower in cost, with a secured anchor tenant in Shoppers Drug Mart providing 50 plus jobs, and an opening for the fall of 2010, surely should have been a winner for the residents and Town of St. Paul.

These facts are garnered from the four presentations which are now public information available online. I am attaching a summary of the four presentations.

We have invested large amounts of money and resources in the planning and development of the St. Paul Regional Health Centre proposal. Just like a Mayor, who is accountable to the voters, as the President of a public company I must also be accountable to my shareholders and provide absolute clarity on all matters.

Therefore, in following with the normal process for Request for Proposals, I would like to formally request a debriefing of the committee's decision and on what factors the decision was made. We were told prior to us engaging our professionals that price would be the ultimate consideration.

Please be assured that we maintain our faith that the committee made the best possible decision regarding the Health Centre. We hope that after the completion of the debriefing we can maintain our belief this is so.

Yours truly,

A handwritten signature in black ink, appearing to be 'Anthony J. Cohen', written over a faint, illegible typed name.

Anthony J. Cohen
President & CEO
Gulf & Pacific Equities Corp.

cc – Ron Boisvert

	St Paul Shopping Centre	East End Development	West End Development	Downtown Bob Porozni
Capital Cost				
Land Only	Option available, but not requested by committee.	1.96 acres at \$275,000 per acre for a total of \$539,000	*	30,000 sq ft provided for free
Purchase land and building	25,000 sq ft Leed Certified building for \$4.4 to \$4.8 million	20,000 sq ft building for \$6,750,000. With Leed Certification premium \$7,290,000	* "Estimated price for new building would be similar to East End Development"	* "Estimated price for new building would be similar to East End Development"
Lease	Option available, but not requested by committee.	15 yr lease at \$17 to \$19.50 per sq ft per annum, or \$340,000 to \$390,000 per annum	*	*
Operating Cost				
Interior Common Area Expenses	Negotiable with proposed \$1 per sq ft linked to existing mall	Nil	Nil	Nil
Exterior Common Area Expenses	Same	Same	Same	Same
Property Taxes	Same	Same	Same	Same
Revenue Generation	Lease back 5,000 sq ft providing monthly revenue to clinic	Nil	Nil	Nil
Financing				
Purchase Price Funding	City & Region, and VTB by Company	City & Region and subject to additional Provincial and Federal Government Funding	*	*
Financial offer to existing clinic	Carry the operating cost for 6 months	Payment of \$305,000 to current owner of the existing clinic	*	*
Site				
Drug Store	Shoppers conditional commitment to site	*	*	Value Drug Mart
Redevelop area and assist existing business in the area	Positive	New Site	New Site	Positive
All seasons indoor retail	Yes	Nil	Nil	Nil
Parking	Yes on site	Yes on site	Yes on site	Town Parking
Seniors Housing	In proposal	In Proposal	*	*
Management				
Experienced Team	Yes	Yes	*	*
Timeline				
Opening Date	Before the first snowfall in 2010	1 to 2 years, subject to additional funding	unknown	unknown
Summary				
Based on proposal	Lowest price \$4.4 to \$4.8 million, confirmed retail pharmaceutical and new health centre in 2010	Highest price at \$6,750,000 to \$7,290,000 and no confirmed opening date	Information unavailable	Free land
Decision by Committee				
Decision in April	Declined	Accepted	Declined	Declined

* Information Unavailable