
From: jeffrey E. <jeevacation@gmail.com>
Sent: Sunday, November 5, 2017 3:49 PM
To: David Mitchell
Subject: Re: UPDATE,

this should now be easy for us both, =AO . you wil need to provide a detailed budget and=payable list. of who gets paid for what . inventory =AO with back up. profeessional servies with backup. =AO we will cut the checks for the total amount and send to you.

=/div>

On Sun, Nov=5, 2017 at 10:37 AM, David Mitchell [REDACTED] wrote:

DEAR STEVE:

THE MOST IMPORTANT TWO FACTS ARE:

1. WE NEED TO CLOSE OUT CONSTRUCTION AND GET A TCO SO THAT BO=H OF US ARE OFF ANY CONSTRUCTION GUARANTEE FOR COMPLETION
2. WE MAKE THE FUNDS AVAILABLE FOR THE RESTAURANT WORK THROUG=, AS THERE IS NO OTHER SOURCE OF FUNDING AND EVERY DOLLAR IS ACCOUNTED FOR=IN DETAIL

PLEASE SEE MY RESPONSE IN CAPS

On 11/4/17, 11:57 AM, "Stephen Hanson" [REDACTED] wrote:

David

Now that you have received funding for 3.5m =80 NET FUNDING SEE BELOW,

Life Hotel, 19 West 31st Street, New York
CREDS Loan as Preferred Equity - Closing Statement

CREDS Gross Loan Proceeds: \$3,500,000.00
less
a. CREDS Structuring Fee (2.0%) \$-70,000.00
b. Legal Fees - MMPS \$-20,000.00
c. Tax Advice - KPMG/Marks Paneth \$-6,000.0=
d. CREDS out of pocket expenses \$-5,000.00
e. Delaware LLC Creation & Admin Expenses (2 years) =-\$6,000.00
CREDS Net Loan Proceeds \$3,393,000.00
add Good Faith Deposit \$15,000.00
CREDS Net Net Loan Proceeds \$3,408,000.00

Distribution of Net Net Loan Proceeds
Premier Corporate Services \$420.00
Premier Corporate Services \$330.00

First American UCC Insurance Services \$2,882.30
Katsky Korins \$98,000.00
Arnold & Porter \$30,000.00
Life Hotel One LLC (return of Good Faith Deposit) =AO \$15,000.00
Muchnick, Golieb & Golieb, P.C. \$25,000.00
Life Hotel Pref LLC \$3,236,367.70

Total \$3,408,000.00

Excess Proceeds \$3,236,367.70

We need to organize how we can complete the hotel and restaurant open items
I can come over to your office on Sunday to review the below I NEED TO CATCH UP TODAY AND PREPARE
FOR THE BANK REVIEW ON MONDAY SO EVERYONE ELSE CAN GET PAID

I have cc Randy and howie so we can all address this first point

1/First - we had always agreed once the project started to be delayed along with AP not being funded a new \$800k budget was needed for the restaurant-this budget was based from the day of funding -and with a September opening — which so far neither obviously has happened

we both had agreed to personally fund the restaurant with \$200k each -this was back before summer when we thought we would open in late August

Then in September when you were relying on Arcade to fund a bridge loan - and we needed funds to complete time and weather sensitive construction items - ie the new roof, sidewalk and other items -which I funded - we both agreed to fund construction with \$200k and where to be repaid when Arcade funded -

-Arcade walked away from the loan and we were never reimbursed

-Then when Crescendo stepped in to advance you the 3.5mm loan -you advised them that \$750k was going to the restaurant - this is not correct- why you positioned the proceeds this way is not accurate

We both need to be reimbursed from the Crescendo hotel loan -my loan is higher than \$200k at this point - but reimburse each of us so we can then personally fund the restaurant- as we agreed upon So the hotel's additional funding of the restaurant is \$350k not \$750

THE TOTAL AVAILABLE FOR THE RESTAURANT IS \$700,000, HOWEVER THIS IS CALCULATED EITHER AS
REIMBURSEMENT TO YOU AND I AND THEN RE LOAN OR TOTAL NEW LOAN TO RESTAURANT
TO DATE THE RESTAURANT HAS RECEIVED AROUND \$650,000

ESCROW ACCOUNT HAS \$722,000 WHICH IS THE \$700,000 STATED ABOVE AND \$22,000 FOR ALAN'S
REIMBURSEMENT FOR PAYROLL LAST WEEK

2/ Still to be addressed - which you have not responded to - is an outline as to the possible shortfall in the restaurant - we could endure from January to April - complete budget sent to you weeks ago SEE ABOVE PLEASE

3/ I'm told you only are funding the restaurant \$700k because you subtracted last week's PR? This is not correct in addition there are AP items that are not the restaurant responsibility - including tasting for bankers and loan people LUNCH FOR 3 PEOPLE COULD NOT HAVE BEEN THAT MUCH AND IF NEED BE I WILL PERSONALLY PAY FOR THE FOOD COST - the charity event on Monday to promote the hotel I WAS NOT AWARE OF AN EVENT, UNTIL AFTER THE FACT , ALSO UNDERSTAND MONDAY'S EVENT GENERATED INCOME FOR THE RESTAURANT AND NOT THE HOTEL - we can address this at tomorrow's meeting SEE ABOVE PLEASE

4/ AP - how these accounts are paid off- follow=ng the AP list you advised lenders would be cured - you need to complete b=fore they lean the hotel- as a few have threatened NO LIENS HAVE EVER BEEN=FILED EVER, AND THAT WAS I NEED TODAY FOR TO MAKE SURE ALL CONSTRUCTION PA=ABLES FOR WORK DONE ARE PAID SEE ABOVE

5/ Construction- Friday's meeting with =kyland seemed to put us on track -issue now is how hard will they push to =complete in next 2 weeks - we need gary on board -I hear he is waiting for =is payment before he will resume - but we can complete if everyone gets agg=essive and bring trades back to site

We need plumbing and Electric punch list items = Chefs are working on their list we will need gary to complete hotels item= -especially items needed for tco

GARY IS FULLY AWARE OF FUNDING AND IS ON BOARD<=r> 6/ Speakeasy as skyland pointed out at yesterda='s meeting and we both understood -there is little they need to co=tractually complete in the speakeasy as most items are now change orders g=ing forward

Items to complete will be reviewed on Monday wi=h Tara - skyland and gary

- your office has still not answered where the =anquette fabric is - for starters AS YOU SAW YESTERDAY, YOUR OFFICE WAS GI=EN THIS INFORMATION 3 TIMES AND HAS CONFIRMED YESTERDAY THAT TWO WEEKS AGO=THEY RECEIVED THE SAME

Banquets- to be built

-Lighting will reviewed with Tara on Monday - -front vestibule landing

Bar entire unit

Need to address that AC unit in the new area at=bar we developed. \$ 7k NOT IN THE BUDGET I BELIEVE BUT WILL CHECK

One AP item that needs to ASAP be paid is the s=undproofing- we will need this also in the speakeasy bar area – WI=L CHECK IF IN BUDGET AND PAYABLES

7/ When will you be in your office on Sunday - ='ll come over as you suggested on Friday I WILL HAVE THE ABOVE PRE=ARED SO WE CAN MEET EARLY MONDAY TO GO THROUGH, I NEED TODAY ALONE TO DO T=IS

As we need a great outline prior to Monday =80 s hopefully jump start to complete lobby in 10 days- speakeasy in 3 w=eks

hopefully we can then try to get some xmas part= business - looking at the hotels occupancy it falls off the cliff after 1=18 but maybe we can capture some business - this brings me back to the re=taurants operating budget - we need to address a possible winter shortfall=above the \$750 k opening budget NEED TO MAKE THE \$700,000 WORK SOMEHOW, TH=REIS NO OTHER FUNDING AVAIALBLE

8/. Hotel funding operating funds to be release= on nov 8. We need these funds to stay with hotel as they have vendors put=ing the hotel on COD and as Denise has mentioned - they are almost out of =air wash and we have run out of slippers weeks ago - now that the cold wea=her is here these are essentials I AM AWARE

You can not use these funds for construction AP= OR RESTAURANT OPERATIONS

I hear we are \$180 k over 45 days with AP and h=ve \$300 k closing in on 30 days WILL GO OVER ON MONDAY

AS YOU KNOW THIS IS NOT UNUSAL AS WE RECEIVE LOCK BOX FUNDING=30 DAYS AFTER IT IS RECIVED

Let's also review on Sunday

9/ As you agreed on- you need to pay stacy Gilb=rt so she can resume the accounting process

—What time Sunday??

Sent from my iPad

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=A0 please note

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