

# JOSEPH A. VITALE

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December 8, 2009

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Rachel Whitesell, Esq  
Attorney, Legal Division State of Connecticut  
Department of Public Works  
165 Capitol Avenue  
Hartford, CT 06106

RE: Seaside Regional Center in Waterford, Connecticut ("Project")

Dear Attorney Whitesell:

As you may recall, I represent Seaside in Waterford, LLC (the "Purchaser"). This letter is in response to an e-mail from Commissioner Raeanne Curtis to Mark Steiner dated November 5, 2009 (a copy of which is attached). Needless to say, the Purchaser was disappointed in the e-mail, as it implies, without stating so, that the State does not intend to sell the Project to the Purchaser in accordance with the terms of the Purchase and Sale Agreement between State of Connecticut and the Purchaser for the sale of the Project (the "Agreement"). Subsequent to the receipt of the e-mail, Mr. Steiner confirmed with the Department of Public Works that it intends to issue a request for proposals for the sale of the Project. On behalf of the Purchaser, I am sending a FOIA request to you, under separate cover, requesting materials applicable to any such sale, including, without limitation, copies of appraisals that may have been recently commissioned.

As set forth in my letter to Commissioner Curtis of January 4, 2008 (a copy of which is attached), for all of the reasons stated therein, the State did not effectively terminate the Agreement. Therefore, any sale of the Project by the State to anyone other than the Purchaser would be a breach of the Agreement. In such event, the Purchaser would hold the State responsible for the considerable damages resulting to the Purchaser from such breach.

Moreover, the Project was zoned for its current use exclusively through the efforts of the Purchaser, Mr. Steiner and Healthcare Consulting Corporation, at the request of the State, as conveyed by Richard Nuclio of the Office of Policy and Management. In fact, in order for the Purchaser to conduct such zoning activities, the State was required to represent to the Town of Waterford that the Purchaser had an interest in the Project. The Purchaser accomplished the zoning of the Project at its sole expense, which was considerable. The Project was appraised by State commissioned appraisers before and after the zoning process. The difference in the appraised value as set forth in these appraisals was approximately \$5

million dollars. The Purchaser believes that this difference is attributable to the change in use of the Project, which was obtained through the efforts and expense of the Purchaser.

The Purchaser used materials in the zoning process which were, and remain, proprietary to it. Any use of these proprietary materials by the State, any purchaser or prospective purchaser of the Project or any other third party would be wrongful and the Purchaser will take action to stop any such use. If the State puts the Project out to bid, the Purchaser intends to inform prospective bidders of (i) the existence of the Agreement and (ii) that the materials used in the zoning of the Project are proprietary to the Purchaser and the Purchaser is entitled to compensation in the event of any use of the Project with its present zoning.

In her November 5, 2009 e-mail to Mr. Steiner Commissioner Curtis states that "Any sale of Seaside at this time will proceed in accordance with the requirements of law, including the process set forth in the Connecticut general Statutes." Please identify for me which statutes, other than Section 4b-21, the State finds particularly applicable to such a sale. As a reminder, almost all of the steps in the process required by Conn. Gen Stat. Section 4b-21 for the sale of the Project to the Purchaser other than the approval of the GAE Committee have been satisfied. In declining to approve the sale of Seaside, members of the GAE Committee identified to the press certain deficiencies and errors made in the submission by DPW as the reasons for the denial. As stated in my dated January 4, 2008 letter to Commissioner Curtis, the Purchaser is confident that the concerns of the GAE Committee can be easily addressed.

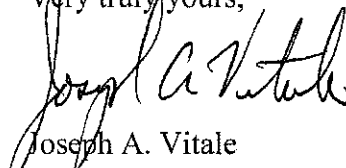
The Purchaser remains ready, willing and able to honor its obligations under the Agreement, to assist DPW in obtaining any remaining required approvals and to purchase the Project. If the process requires a new appraisal to obtain any such approvals and a consequent an adjustment to the purchase price, the Purchaser is willing to review such appraisal and consider such adjustment.

As set forth in the budget legislation, it is clear that there is a mandate for the sale of assets, as quickly as possible. Presumably, the goal is to raise \$15 million from such sales this year. The Purchaser believes the only way this is remotely possible, is to continue and complete the sale of the Project to it. Given all that the Purchaser has spent and committed to the Project, this is the only fair and equitable way to move forward. We would welcome a meeting to discuss how to move this process forward expeditiously, and in accordance with the applicable state statutes.

Rachel Whitesell, Esq.  
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Please give me a call to discuss setting up a meeting.

Very truly yours,



Joseph A. Vitale

CC: Hon. M. Jodi Rell  
Hon. Raeanne V. Curtis  
Hon. Robert L. Genuario  
Hon. Andrea L. Stillman  
Hon. Elizabeth B. Ritter  
Hon. Daniel Steward  
Mark S. Steiner