

January 23, 2014

Dear Harbor Bay Neighbor,

With the start of the New Year, we've been working hard on several fronts. And what we've found so far is bound to turn more than just a few heads!

**(Be sure to read all the way through, then [respond to City Officials.](#))**

HBIA continues to claim, "...the club needs to move to stay in business..." and this "is not debatable." This position suggests that the Club is:

- a). losing money at its current location with its current amenities, and
- b). will go out of business if it is not moved to the Business Park and replaced with either houses or a hotel/conference center.

Naturally, this led us to dig into the finances of Harbor Bay Club.

#### **WHAT DID WE FIND?**

In 2008 HBIA, using a side company called Harbor Bay Club Associates LP, took a \$6 million loan against Harbor Bay Club and then rolled that into a \$7 million loan in July 2013. (Read the public loan documents from [2008](#) and [2013](#))

A loan of this magnitude typically requires the cash flow from the business to be at least 120% greater than the debt service and the loan amount to be no more than 65% of the value of the collateral (in this case the land). So, despite the payments on a \$7M loan, the Club is generating a sizable income stream for HBIA. Cowan also has millions of dollars worth of equity in the business, which he would hardly walk away from by going out of business. No one with any financial sense would be so fiscally irresponsible as to default on a profitable a business like this, especially a multi-millionaire developer.

This financial revelation changes *everything*. It reinforces that HBIA is not concerned with providing a quality facility (or they would have reinvested a chunk of that \$6M from 2008 into deferred maintenance at the existing Club) and proves **the Club is financially stable with no threat of closure.**

*So, why do they keep threatening they will close?* We believe HBIA simply refuses to accept the fact that Cowan is not "entitled" to build more homes in a completed PUD where there isn't any available property. So, they've resorted to a cheap scare tactic. We don't buy it and neither should you.

#### **LET'S BE CLEAR:**

Harbor Bay Neighbors *favors* renovating (or rebuilding) the Club at its existing location so it stays an amenity for the residents it is specifically designated to serve. And with \$7M in

their pocket, HBIA should be able to figure out a staged renovation plan. (Think "TransBay Terminal" in San Francisco, which continues to serve 100,000 customers daily while they build a new transit hub. It CAN be done.)

**WE NEED YOUR HELP!**

With the threat of Club closure completely discredited, it's time to tell the City to reject HBIA's application NOW, and focus City resources where they are needed, such as on the redevelopment of Alameda Point.

**To win this fight, we need you to [Tell City Officials What You Think](#) about these new revelations (*even if you've emailed them before*).**

Thank you for your continued support.