

August 29, 2018

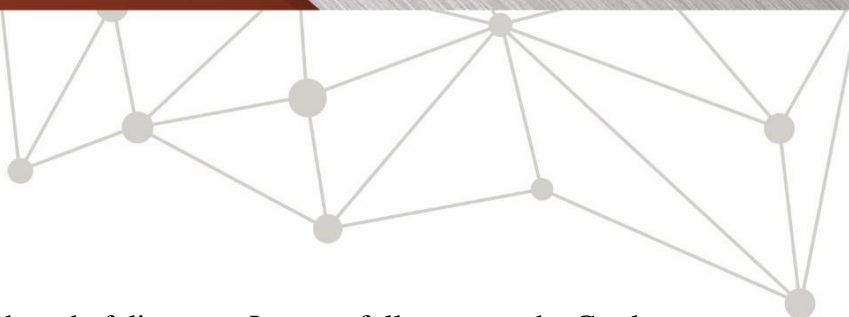
Frank Gray
18 S. Wilcox St. Suite 200
Castle Rock, CO 80104

Re: Incentive Request

Dear Frank:

As you are aware PUGs a Castle Rock based company has merged with Soloray to form SRP (SolorayRugs). Soloray is 45 year old leading full-service category manager offering a customized suite of products (e.g. sunglasses, electronics, plush, novelty, apparel) to over 45,000 convenience stores, amusement parks and hospitality retail locations. Since being acquired by California based Aurora Capital in 2016, the company has experienced double digit organic growth. In addition, over the past 18 months SRP has acquired 7 new companies. Due to the combination of growth and acquisitions SRP can no longer remain in the existing space on the corner of Plum Creek and Wilcox. As a long-term objective, SRP is exploring the possibility of a Castle Rock corporate campus in the next 5 years. In the interim, SRP's board has directed and authorized leadership to consolidate the new acquisitions and corporate operations.

SRP Companies has done an extensive search for office space which includes locations within Castle Rock, surrounding communities in Parker and DTC as well as an out of state location. The company's North American footprint boasts a workforce over 1,000 employees and our Castle Rock corporate office currently supports 35 employees with annual salaries ranging from \$52,000 - \$300,000 dollars. Presently, SRP's total Castle Rock payroll stands at \$1.5m with short term future projections growing to \$3m. Anticipated growth projections include adding an additional 20 - 40 exempt level professional service jobs averaging an annual salary of \$85,000. Ideally, SRP would like to consolidate in Castle Rock. However, Castle Rock has a very limited amount of office space that would meet SRP's needs and the cost of build-out and rent exceeds the competing locations. If SRP could access some economic development assistance to equalize the costs we would like to move forward with the site in Castle Rock. We have an LOI in place in Castle Rock at 85 Rio Grande Dr (Mirage building) to take the top two floors of that building which will require \$300,000 of tenant improvements from SRP, a significant cost SRP does not incur at the competing locations. While it's not ideal having two separate locations, it would give us the option to keep our expansion in Castle Rock.



On behalf of SRP Companies and our board of directors, I respectfully request the Castle Rock Economic Development Incentive program consider an incentive of \$300,000. As discussed with the EDC, it could take the form of either a job creation incentive or a reimbursement of 50% of permit and fees as defined by the Castle Rock Economic Development policy. In addition, we are requesting assistance in expediting the inspection and permitting process to ensure our speed to market with our build out process. If you have any questions or require any further information, please contact me at your earliest convenience. Thank you.

Very truly yours,

Darrin Eisle
Chief Executive Officer
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