

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

IN RE: §  
CAMERON-811 RUSK, L.P., § CASE NO. 10-31856-11  
DEBTOR § CHAPTER 11  
§

**EMERGENCY MOTION FOR (I) INTERIM AUTHORITY TO USE  
CASH COLLATERAL UNDER 11 U.S.C. §§ 105 AND 363 AND  
(II) REQUEST FOR PRELIMINARY AND FINAL HEARINGS**

**THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THIS MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN FIFTEEN (15) DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THIS MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND DECIDE THE MOTION AT THE HEARING.**

**REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEYS.**

**\*\*EMERGENCY CONSIDERATION OF THIS MOTION HAS BEEN SOUGHT. A HEARING HAS BEEN REQUESTED FOR WEDNESDAY, MARCH 10, 2010\*\***

**TO THE HONORABLE BANKRUPTCY JUDGE:**

Cameron-811 Rusk, L.P., debtor and debtor in possession (“Debtor”), files this Emergency Motion (I) for Order Granting Interim Authority to Use Cash Collateral and (II) for Preliminary and Final Hearings (the “Motion”) and in support thereof, respectfully states as follows:

**I. SUMMARY AND EMERGENCY BASIS**

1. By this Motion, the Debtor seeks authority to use Cash Collateral in order to fund operations while it reorganizes. The Debtor has positive cash flow, but its vendors will probably require cash in advance for performance of services and delivery of supplies. Upon approval of this Motion, Redus TX Properties, L.L.C. which holds a lien on the Debtor's assets, will be given a replacement lien on Debtor's postpetition rents and other receivables for use of its cash collateral.

2. Debtor is in negotiations with Wachovia Bank, N.A and Redus TX Properties, L.L.C. regarding a cash collateral budget. Debtor is confident that an agreement on a budget and the terms of an agreed order for use of cash collateral will be reached with Wachovia Bank, N.A and Redus TX Properties, L.L.C.. A proposed budget is attached hereto as Exhibit "A" and incorporated for all purposes.

3. Debtor has moved this Court on an emergency basis for (i) authorization to use cash collateral and (ii) a preliminary hearing regarding this matter in order to satisfy the ordinary and necessary expenses of operation. An emergency preliminary hearing is necessary since some of these expenses need to be paid before expiration of the fifteen (15) day notice period provided in Bankruptcy Procedural Rule 4001 and for use of cash collateral. Debtor also requests that the Court set a final hearing so that a final cash collateral order can be approved.

**II. JURISDICTION AND VENUE**

4. This Court has jurisdiction by virtue of 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(M). Venue is proper in this district

pursuant to 28 U.S.C. § 1408(1) because the Debtor's principal place of business has been located in this district for more than 180 days preceding the filing of this bankruptcy case.

### **III. BACKGROUND**

5. This Chapter 11 case was filed on March 2, 2010 (the "**Petition Date**") under Chapter 11 of the Title 11 of the Bankruptcy Code, 11 U.S.C. §§ 101, et seq. (the "**Bankruptcy Code**"). The Debtor continues to operate its business and manage its property as a debtor in possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

6. No trustee or examiner has been appointed in Debtor's bankruptcy case and no official committee of unsecured creditors has yet been appointed.

7. Debtor was formed in 2007 as a Texas limited partnership. Its general partner is Cameron 811 Rusk GP, L.L.C., a Texas limited liability company which owns a 10% interest in the Debtor. Its limited partners and the share of interests of each in the Debtor are as follows:

Name of Limited Partner	Percentage Interest in Debtor
Cameron Interests Limited Partnership	9.0%
Dougal A. Cameron, IV	9.0%
George and Catherine Lindahl	9.0%
Frill Investments L.P.	9.0%
James E. Thorp	9.0%
The John B. & Lisa A. Walker L.P.	9.0%
Charles W. Duncan III 1979 Trust	4.50%
Duncan Equities & Real Estate Fund, LP	4.50%

Steven J. Gibson	4.50%
John P. Gaylord	4.50%
BEO Investments Ltd.	3.15%
REOB Ltd.	1.35%
James and Sharon Hibbert	2.70%
Duncan L. Lamme	1.80%
Weller & Sons Partners LP	1.80%
John T. Cabaniss	1.80%
Cletus P. and Nancy W. Dodd	0.90%
James J. & Caroline W. Hassell	0.90%
David D. Itz	0.90%
Willoughby C. Williams, Jr.	0.90%
Lucille Christine Thorp	0.90%
Carolyn Lawson Thorp	0.90%

8. Debtor owns the Houston Club Building located at 811 Rusk, Houston, Texas (the “**Building**”) which it purchased from JP Morgan Chase Bank on March 1, 2007. Jesse Jones engaged contractors to construct the Building in 1954-1955. The Building consists of approximately 348,429 square feet on eighteen floors. The Building is the home of The Houston Club, Houston’s oldest ongoing social club, which occupies Floors 7 through 10 and the mezzanine space of Floor 11. The Houston Club provides dining and meeting rooms, a ballroom, two kitchen areas, barbershop, fitness center and locker rooms. The El Paso

Corporation occupies Floors 12, 14, 14A, 15, 16 and 18. Space on the First Floor and the tunnel space is leased to a wide variety of retail tenants including restaurants, a clothing store, and JP Morgan Chase Bank for the operation of a day care center for the children of employees of JP Morgan Chase Bank. The Building is 77.78% occupied.

9. The Debtor's operations are managed by Cameron Interests Limited Partnership ("CILP") pursuant to a management agreement dated as of March 1, 2007 (the "**Management Agreement**"). Pursuant to the Management Agreement, CILP provides a wide variety of services including the following: (a) the preparation of an operating budget and a capital budget for each calendar year, (b) the payment of Building operating expenses from Debtor's operating account, (c) the repair and maintenance of the Building including supervision of third parties who perform such services, (d) the collection of rents, the enforcement of leases, and acting as liaison with tenants, (e) the maintenance of accounting records for the Debtor, (e) the application for, retention and renewal of licenses and permits, (f) the Building's compliance with applicable laws, (g) the purchase of supplies and equipment for the Building, and (h) the supervision of construction in the Building.

10. CILP is required to establish and maintain an operating account into which all rents, prepaid rents, additional rent for operating expenses, parking revenues, security deposits, reimbursements paid by tenants under their leases or through insurance or warranty coverage, and all other Building revenue are deposited. In addition, CILP is obligated to deposit in the operating account the cash proceeds of all borrowings, sales and other capital transactions in the operating account. CILP is required to notify the Debtor if the funds in the operating account are insufficient to pay operating expenses that are due and payable. CILP is not obligated to utilize any of its funds to make up a shortfall in the operating account.

11. CILP provides the employees that are needed to perform all services under the Management Agreement. The Debtor has no employees.

12. In consideration of its services under the Management Agreement, CILP receives a management fee of 5% of gross revenues and a construction management fee of 5% of the construction costs of any improvement in the Building.

13. Since purchasing the Building, the Debtor through CILP has performed the following significant repairs and renovations: (a) repaired water leaks in the Building's mechanical rooms which saved \$30,000 per year on the Building's water bills; (b) repaired the Building's electric meter which saved approximately \$8,000 per month; (c) overhauled and replaced components in the HVAC systems, the elevators, and security system; (d) rehabilitated the pocket park on the grounds of the Building, which turned a eyesore into an urban jewel now used by workers in downtown buildings for lunch; (e) redesigned and repaired the parking garage to promote better flow of traffic; (f) implemented policies to improve tenant relations; (g) projected Building operating expenses and billed projected operating expenses on a monthly basis; (h) constructed a separate boiler room for the needs of The Houston Club to supply potable water, installed a natural gas feed which enabled gas to be metered separately to The Houston Club, and installed steam kettle cookers in one of The Houston Club kitchens; and (i) contracted with The Houston Club to manage its infrastructure.

14. Currently, the Debtor and CILP are working on a proposal to lease a substantial part of the Building to two different educational institutions. The Debtor and CILP envision the Building as the perfect cohesive catalyst for bringing education, the Downtown Arts District, historic preservation and the business community together.

15. The term of the lease with The Houston Club commenced in 1955 and expires May 31, 2015. The space occupied by The Houston Club is approximately 112,637 square feet which is approximately 37% of the area of the Building. The rent payable under The Houston Club lease is \$12,912.52 per month which is substantially under market for today. In addition, the Debtor and The Houston Club are parties to an agreement dated March 14, 2008 in which the Debtor agreed to provide The Houston Club with hot water for the kitchens and certain health club facilities using boilers and other equipment dedicated for same in exchange for payment by The Houston Club of the expense of natural gas and electricity required to operate same in the aggregate amount of \$1,500.00 per month.

16. The Debtor's secured lender is Wachovia Bank, N.A. ("**Wachovia**"). On March 1, 2007, Debtor obtained a loan from Wachovia in the principal amount of \$12,000,000 (the "**Acquisition Loan**") pursuant to the Acquisition Loan Agreement bearing an effective date of March 1, 2007 (the "**Loan Agreement**"). The Acquisition Loan is further evidenced by a promissory note ("**Note A**") secured by a deed of trust and security agreement which pledges as collateral certain assets of the Debtor including the Building and all revenues from the Building (the "**First Deed of Trust**") recorded under Clerk's File No. 20070129978 on March 2, 2007 in the Official Records of Real Property of Harris County, Texas. Dougal A. Cameron, IV guaranteed the Acquisition Loan pursuant to the Guaranty effective as of March 1, 2007 (the "**Guaranty**"). On January 30, 2008, Debtor obtained an additional loan in the principal amount of \$3,500,000 from Wachovia for capital expenditures, six months of operating deficits, property taxes, and various other purposes (the "**Additional Loan**"). The Additional Loan is evidenced by (i) a promissory note ("**Note B**") and (ii) the Amendment to Credit Documents dated effective January 30, 2008, which amended the Loan Agreement recorded (the "**Amendment**"). The

Amendment was recorded under Clerk's File No. 20080049966 in the Official Records of Real Property of Harris County, Texas. The Acquisition Loan and the Additional Loan are secured by a deed of trust recorded under Clerk's File No. 20080049964 on January 31, 2008 in the Official Records of Real Property of Harris County, Texas (the "**Second Deed of Trust**"). The Second Deed of Trust pledges as collateral the same property that the First Deed of Trust pledges. Dougal A. Cameron, IV executed the Ratification of and Amendment to Guaranty effective as of January 30, 2008 in which he acknowledged that the Additional Loan was subject to the Guaranty (the "**Guaranty Ratification**")

17. Debtor and Wachovia executed a Renewal, Extension and Modification Agreement dated as of August 1, 2008 recorded under Clerk's File No. 20080475561 which renewed, extended and modified the Acquisition Loan and the Additional Loan and the First Deed of Trust and Second Deed of Trust (the "**Renewal Amendment**"). Collectively, the documents evidencing the Acquisition Loan and Guaranty and the documents evidencing the Additional Loan and Guaranty Ratification are referred to as the Loan Documents.

18. The Acquisition Loan and the Additional Loan matured on August 1, 2009. The parties executed the Forbearance Agreement effective as of August 24, 2009 which provided for Wachovia's forbearance from exercising its remedies under the Loan Documents until November 1, 2009 in exchange for Debtor's payments of monthly interest on the unpaid principal of the Acquisition Loan and the Additional Loan and \$19,000.00 per month principal reduction.

19. On November 3, 2010, Wachovia notified Debtor that the forbearance period had expired and that the license to collect rents evidenced in the Deed of Trust was revoked. Notwithstanding the revocation of such license, Wachovia and Debtor worked out an



arrangement whereby Debtor could continue to collect rents in the Building provided that such rents were applied in accordance with a budget approved by Wachovia. On information and belief, Wachovia assigned the Loan Documents to Redus TX Properties, L.L.C. which, on or about February 9, 2010, posted the Building for foreclosure to occur on March 2, 2010. Filing of the Chapter 11 petition was necessary to prevent the foreclosure from occurring.

#### IV. BASIS FOR REQUESTED RELIEF

##### A. **Cash Collateral and Authority to Use**

20. As stated above, prior to the Petition Date, the Debtor and Wachovia entered into the Acquisition Loan and the Additional Loan (collectively, the “**Wachovia Loans**”) whereby the Debtor granted Wachovia liens and security interests in substantially all of its assets, including rents paid by tenants in the Building (collectively, the “**Collateral**”) for the Wachovia Loans.

21. The current principal balance of the Wachovia Loans is approximately \$15,500,000.00. While the terms of an agreed order have not been finalized, the Debtor expects that it will include, among other provisions, the following:

- a. The Debtor may use cash collateral pursuant to an approved budget attached, with a ten percent (10%) variance per line item and the ability to apply any un-used budgeted funds in its discretion.
- b. Wachovia’s prepetition liens will be adequately protected by replacement liens to the same extent and priority as their respective prepetition liens.

20. The only viable source of funding for postpetition operations is cash collateral made available to the Debtors.

21. Access to cash in Chapter 11 cases is critical. *In re George Ruggieri Chrysler-Plymouth, Inc.*, 727 F.2d 1017 (11<sup>th</sup> Cir. 1984). The court recognized as follows: “A debtor, attempting to reorganize in business under Chapter 11, clearly has a compelling need to use ‘cash collateral’ in its effort to rebuild.” *Id.* at 1019. The Debtor hopes that Wachovia will consent to the proposed use of cash collateral, subject to receiving replacement liens and potentially other protections as provided in an agreed order. To the extent that Wachovia does not consent, however, the Court may authorize the use of cash collateral by the Debtor provided that the Court determines that any objecting entity’s interest is adequately protected. 11 U.S.C. §§ 363(c)(2)(B) and (e).

22. Section 361 sets forth three non-exclusive examples of what may constitute adequate protection. They include providing the secured creditor with “additional or replacement liens” and other relief that provides the secured creditor with the “indubitable equivalent” of the secured creditor’s interest in the cash collateral. Legislative history indicates that Congress intended to provide courts with flexibility to grant relief on a case-by-case basis.

23. Pursuant to the Motion, Debtor proposes to grant Wachovia replacement liens on postpetition rents and other income, a recognized means of providing adequate protection as specified under sections 361 and 363.

24. Without access to cash collateral, operations will cease. The going concern value of Debtor’s assets will decrease dramatically, and collections of rent and other income will decline. Thus, the overall collateral position of Wachovia will deteriorate substantially, and will offset any loss allegedly caused by the use of such cash collateral.

25. Bankruptcy Rule 4001(b)(2) states that fifteen (15) days' notice must be given before final approval of such cash collateral use is ordered. By this Motion, the Debtor seeks an emergency hearing upon expiration of the fifteen (15) day notice period.

**V. CONCLUSION**

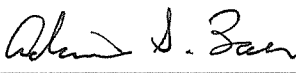
WHEREFORE, Debtor respectfully requests that the Bankruptcy Court:

- 1) Set an emergency preliminary hearing on this Motion;
- 2) Enter a preliminary order authorizing the use of cash collateral for fifteen (15) days;
- 3) Set a final hearing on this Motion after expiration of the fifteen (15) day notice period required by Bankruptcy Rule 4001; and
- 4) Granting all such other and further relief as is just and proper.

Dated: March 5, 2010.

Respectfully submitted

CORDRAY WAGNER SCHNELLER

By:  \_\_\_\_\_

Adrian S. Baer  
Texas Bar No. 01501900  
3306 Sul Ross  
Houston, TX 77098  
Telephone (713) 630-0600  
Facsimile: (713) 630-0017

PROPOSED ATTORNEYS FOR DEBTOR

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing Application were served on the parties listed on the attached service list by first class, United States mail, postage prepaid, on this 5th day of March, 2010. Service on known filing users will automatically be accomplished through Notice of Electronic Filing as contemplated by this Court's Administrative Procedures for Electronic Filing.



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Adrian S. Baer

## SERVICE LIST

ABM Janitorial Services  
8101 West Sam Houston  
Parkway South, Suite 150  
Houston, TX 77072

Allianz Underwriters Insurance  
Company  
Insurance Alliance  
1776 Yorktown, Suite 200  
Houston, TX 77056

Allied Waste Services of Texas  
8101 Little York Road  
Houston, TX 77016

American Commercial Security  
Services  
2135 Gulf Central Drive  
Houston, TX 77023

Amerione Management LLC  
Attention: Minh Truong  
811 Rusk, Suite 1150-A  
Houston, TX 77002

Ampco System Parking  
815 Walker, #340  
Houston, TX 77346

Ampco System Parking  
801 South Grand Street, Suite  
775  
Los Angeles, CA 90017

Andrews Kurth, LLP  
600 Travis, Suite 4200  
Houston, TX 77002  
Attention: Michael R. Shaw

Andrews Kurth  
600 Travis, Suite 4200  
Houston, TX 77002  
Attention: Executive Director

Baba, Masad N.  
811 Rusk, Suite B-121  
Houston, TX 77002

BEO Investments, Ltd.  
c/o Brian E. O'Brian  
Saxet Petroleum, Inc.  
510 Bering Dr.  
Houston, TX 77057-1472

Bires & Schaffer  
811 Rusk, Suite A-3  
Houston, TX 77002

Burger King DTN I, L.L.C.  
Attention: Mehboob Shariff  
811 Rusk, Suite 100  
Houston, TX 77002

Cabaniss, John T.  
c/o Andrews Kurth LLP  
600 Travis, Suite 4200  
Houston, TX 77002

Cameron, Dougal  
811 Rusk, Suite 1150  
Houston, TX 77002-2811

Cameron Interests Limited  
Partnership  
811 Rusk, Suite 1150  
Houston, TX 77002-2811

Centerpoint Energy  
P.O. Box 2628  
Houston, TX 77252

Charles B. Duncan III 1979  
Trust  
c/o Charles B. Duncan III  
Duncan Interests  
600 Travis, Suite 6100  
Houston, TX 77002

Chicago Title Insurance  
811 Rusk, Suite A-2  
Houston, TX 77002

City of Houston-Water  
Department  
P.O. Box 1560  
Houston, TX 77251

Clear Wireless LLC  
4400 Carrillion Point  
Kirkland, WA 98033  
Attention: Legal Department

Clear Wireless LLC  
4400 Carrillion Point  
Kirkland, WA 98033  
Attention: Site Leasing

Dodd, Cletus P. and Nancy  
2220 Albans Road  
Houston, TX 77005

Duncan Equities & Real Estate  
Fund, L.P.  
c/o Charles B. Duncan III  
Duncan Interests  
600 Travis, Suite 6100  
Houston, TX 77002

EPEC Realty, Inc.  
1001 Louisiana Street  
Houston, TX 77002  
Attention: Director of Real  
Estate

Equitax Property Consultants,  
Ltd.  
811 Rusk, Suite 101  
Houston, TX 77002

Fink, Michael d/b/a Michael's  
Fine Jewelry  
811 Rusk, Suite B-5  
Houston, TX 77002

Freestone Partners LLC  
Attention: James D. Briggs  
811 Rusk, Suite 1150-B  
Houston, TX 77002

Frill Investments, L.P.  
c/o Bradley Lummis  
1511 Washington Terrace  
Fort Worth, TX 76107

Gale, Jeffrey S. d/b/a Brown  
Bag Deli  
3022 Midlane  
Houston, TX 77027

Gaylord, John P.  
5851 San Felipe, Suite 900  
Houston, TX 77057

Gibson, Steven J.  
c/o Cathy Leeson  
2131 San Felipe  
Houston, TX 77019

Gigi Huang Restaurant Limited  
811 Rusk, Suite 108  
Houston, TX 77002

Golden Hawk, Inc., d/b/a DSS  
P.O. Box 659  
Katy, TX 77492

Harris County Tax Assessor  
Collector  
1001 Preston  
Houston, TX 77002

Harrison Interests  
811 Rusk, Suite A-1  
Houston, TX 77002

Hassell, James J. and Caroline  
W.  
3823 Riley  
Houston, TX 77005

Hibbert, James E. and Sharon  
5941 Green Tree Road  
Houston, TX 77057

The Houston Club  
Attention: Mr. Hussein Haddad  
811 Rusk, Suite 700  
Houston, TX 77002

Houston Symphony  
Attention: Matthew VanBesien  
811 Rusk, Suite 1750  
Houston, TX 77002

Internal Revenue Service  
Centralized Insolvency  
Operations  
P.O. Box 21126  
Philadelphia, PA 19114-0326

Itz, David D.  
3068 Reba  
Houston, TX 77019

JP Morgan Chase Bank,  
National Association  
Attention: John Creech  
8111 Preston Road, Suite 250  
Dallas, TX 75225

JP Morgan Chase Law  
Department  
1111 Polaris Parkway, Suite 4P  
Mail Code OH1-0152  
Columbus, OH 43240  
Attention: Real Estate Counsel

JP Morgan Chase Lease  
Administration  
1111 Polaris Parkway, Suite 1J  
Mail Code OH1-0241  
Columbus, OH 43240  
Attention: Lease Administration  
Manager

JP Morgan Chase Real Estate  
270 Park Avenue, 35<sup>th</sup> Floor  
New York, NY 10017  
Attention: Kim Bertin

Kim, Danny Hyunchul, d/b/a  
Kokoro  
811 Rusk, Suite B-121  
Houston, TX 77002

KONE, Inc.  
One Kone Ct.  
Moline, IL 64265

KONE, Inc.  
4907 World Houston Parkway  
Houston, TX 77032

Konica Minolta Business  
Solutions U.S.A., Inc.  
100 Williams Drive  
Ramsey, NJ 07446

Lamme, Duncan L.  
3043 Reba  
Houston, TX 77019

Lee Quigley Company  
700 Rockmead Drive  
Humble, TX 77339-5018

Lindahl, George and Catherine  
51 Golden Scroll Circle  
The Woodlands, TX 77382

Logix Communications  
2950 North Loop Freeway  
Houston, TX 77092-8839

MCI, LLC d/b/a Verizon  
Business  
500 Clinton Center Drive  
Clinton, MS 39056

Nguyen, Julie Oanh, d/b/a Nails  
By Julie  
811 Rusk, Suite B-105  
Houston, TX 77002

Quizno's Franchising II LLC  
1475 Lawrence Street, Suite 400  
Denver, CO 80202  
Attention: Legal Department

Rasabs, Inc. d/b/a Quizno's  
#10795  
2515 Falcon Knoll Lane  
Katy, TX 77494

Rebuilding Together Houston  
811 Rusk, Suite 1730  
Houston, TX 77002

REDUS TEXAS PROPERTIES,  
L.L.C.  
c/o Joseph Epstein  
Winstead, P.C.  
600 Travis, Suite 1100  
Houston, TX 77002

Reliant Energy Retail Services  
LLC  
1000 Main Street  
Houston, TX 77002-6336

REOB, Ltd.  
c/o Robert E. O'Brian  
Saxet Petroleum, Inc.  
510 Bering Dr.  
Houston, TX 77057-1472

R. Rose Clothier, Inc.  
Attention: Robert A. Rose  
811 Rusk, Suite 155  
Houston, TX 77002

Securitas Security Systems,  
USA, Inc.  
7840 N. Sam Houston Pkwy E.  
#200  
Houston, TX 77064

SprintCom, Inc.  
Site No. HO54XC186  
Attention: Director, Network  
Real Estate  
1200 Main Street  
Kansas City, MO 64105

Sprint Spectrum, L.P.  
Site No. HO54XC186  
Attention: Director, Site  
Development  
1341 W. Mockingbird Lane,  
Suite 600E  
Dallas, TX 75247

The Strake Foundation  
811 Rusk, Suite A-4  
Houston, TX 77002

Strong Landscaping  
9337B Katy Freeway, Suite 223  
Houston, TX 77024

Tannous, Victoria and Fayez  
811 Rusk, Suite 160  
Houston, TX 77002

Terminix International  
2471/S. Houston Commercial  
11777 W. Sam Houston Pkwy S.  
Suite B  
Houston, TX 77031

Texas Comptroller of Public  
Accounts  
Revenue Accounting Div-  
Bankruptcy Section  
P.O. Box 13528  
Austin, TX 78711-3528

The John B. and Lisa A. Walker  
L.P.  
c/o John B. Walker  
7 Pine Grove Circle  
Houston, TX 77024

Thorp, Carolyn Lawson  
c/o James E. Thorp  
1001 McKinney, Suite 2200  
Houston, TX 77002

Thorp, James E.  
1001 McKinney, Suite 2200  
Houston, TX 77002

Thorp, Lucille Christine  
c/o James E. Thorp  
1001 McKinney, Suite 2200  
Houston, TX 77002

T-Mobile USA, Inc.  
Attention: Leasing  
Administrator  
#24 Greenway Plaza, Suite 1100  
Houston, TX 77046

Vaughn, Bryan  
811 Rusk, Suite 1350  
Houston, TX 77002

Wachovia Bank, National  
Association  
Mailcode VA7391  
Roanoke, VA 24040  
Attention: Real Estate Financial  
Services

Wachovia Bank, National  
Association  
10 South Jefferson Street  
Mailcode VA7391  
Roanoke, VA 24011  
Chesapeake, VA 23320  
Attention: Real Estate Financial  
Services

Wachovia Bank, National  
Association  
816 Greenbrier Circle, Suite G  
Chesapeake, VA 23320  
Attention: Real Estate Financial  
Services

Wachovia Bank, National  
Association  
2800 Post Oak Blvd.  
Suite 3500  
Houston, TX 77056  
Attention: Manager, Real Estate  
Group

Wachovia Bank, N.A.  
c/o Joseph Epstein  
Winstead, P.C.  
600 Travis, Suite 1100  
Houston, TX 77002

Weller & Sons Partners LP  
c/o Fenner R. Weller, Jr.  
811 Rusk, Suite 715  
Houston, TX 77002

West, Kelvin, d/b/a Kelvin's  
Shoe Valet  
811 Rusk, Suite B-4  
Houston, TX 77002

Williams, Willoughby C. Jr.  
6030 Riverview Way  
Houston, TX 77057

DESCRIPTION	15 days	30 days	90 days
LOBBY/Common Area	167	333	1,000
Window Repair/Replacement	158	317	950
Non-Recurring Repairs	1,500	3,000	9,000
HVAC Repair	1,667	3,333	10,000
Boiler Repair	208	417	1,250
Water Treatment	1,500	3,000	9,000
Chiller Repair	208	417	1,250
HVAC Supplies	350	700	2,100
Permits & Fees	125	250	750
Electrical Supplies	40	81	242
Electrical R&M	500	1,000	3,000
Lighting Bulbs & Ballasts -included in sur	500	1,000	3,000
Painting Interior	208	417	1,250
Painting Exterior	208	417	1,250
Plumbing Supplies	250	500	1,500
Plumbing Repairs	167	333	1,000
Uniforms	125	250	750
Emergency Systems	625	1,250	3,750
Elevator R/M	250	500	1,500
Environmental/Asbestos	500	1,000	3,000
Total Repair & Maintenance	11,399	22,798	70,294
Electricity	38,650	77,300	260,448
Electricity Billbacks	(12,816)	(25,631)	(74,314)
Water & Sewer	4,131	8,262	24,763
Gas	750	1,500	4,500
Total Utilities	30,715	61,431	215,397
Cleaning Services	4,509	9,018	27,053
Day Cleaning Staff	1,034	2,068	6,204
Cleaning Supplies	1,000	2,000	6,000
Window Cleaning	103	206	618
Carpet / Special Cleaning****	100	200	600
Total Cleaning Services	6,746	13,492	40,475
Elevators	3,118	6,236	18,708
Landscape Exterior	500	1,000	3,000
Landscape Interior	161	322	965
Pest Control	163	325	975
Security	8,250	16,500	49,500
Trash Removal	950	1,900	5,700
Metal Refinishing	326	651	1,953
Access / Emergency Systems	70	140	420
Parking Garage Operations	40,660	81,320	248,093
Total Contract Services	54,197	108,394	329,313
Property Taxes	16,182	32,364	97,092



DESCRIPTION	15 days	30 days	90 days
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Margin Tax	1,395	2,790	8,370
TAX CONSULTING FEE	0	0	1,308

Rental Taxes	17,577	35,154	106,770
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INSURANCE - PROPERTY/General lia	36,175	72,350	122,583
FLOOD INSURANCE	1,216	2,431	2,431

Total Insurance	37,391	74,781	125,014
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TOTAL OPERATING EXPENSES	186,356	372,711	1,060,781
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**LANDLORD EXPENSES**

Building Services Billbacks	250	500	1,500
UTILITY BILLBACKS	10,373	20,746	59,559

NON-RECOVERABLE UTILITIES	2,443	4,885	14,555
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DESIGN FEES	0	0	0
WEBSITE	50	100	300
SOFTWARE	30	60	180

TRAVEL	0	0	0
MEALS & ENTERTAINMENT	300	600	1,800

SIGNAGE	0	0	0
MARKING & LEASING EXPENSES*****	634	1,268	4,053

LEGAL / PROFESSIONAL FEES****	750	1,500	4,500
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NON-RECOVERABLE - Prop Staff - Salaries & W	2,896	5,792	17,376
NON-RECOVERABLE - Group Insurance	140	280	840

Total Landlord Expenses	19,133	36,999	108,916
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TOTAL LANDLORD EXPENSES	19,133	36,999	108,916
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NET OPERATING INCOME	609	2,486	62,708
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**CAPITAL EXPENDITURES**

COMMISSIONS	0	0	0
TENANT IMPROVEMENT	0	0	0
CAPITAL IMPROVEMENTS	0	0	0

Total Capital Expenditures	0	0	0
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**DEBT SERVICE**

INTEREST PAYMENTS	0	0	0
Principal	0	0	0

Total Debt Service Payments	0	0	0
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**NON-PROPERTY LANDLORD EXPENSES**

ACCOUNTING FEES	0	0	10,500
Total Non-Property Landlord Expenses	0	0	10,500

811 Rusk Operating Budget  
HOUSTON CLUB BUILDING

EXHIBIT A

DESCRIPTION	15 days	30 days	90 days
PROJECT CASH FLOW	609	2,486	52,208