

In 1978, Alexander (Xander) Kellogg III becomes a prominent Denver office building developer. Known as 'Mr. X' to his friends and allies, Kellogg is a ruthless businessman who uses manipulation and cutthroat tactics to yield success. However, his 'win-at-all' cost personality ultimately leads to challenges in both his professional and personal life.

The Developer

by Stephen P. Bye

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THE DEVELOPER



Stephen P. Bye

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Hardcover ISBN: 978-1-64718-533-6

Paperback ISBN: 978-1-64718-532-9

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Published by Booklocker.com, Inc., St. Petersburg, Florida.

Printed on acid free paper.

This is a work of fiction, based on actual persons and events. The author has taken created liberty with many details to enhance the reader's experience. The characters are purely fictional.

Library of Congress Cataloguing in Publication Data

Bye, Stephen P.

The Developer by Stephen P. Bye

Fiction

Library of Congress Control Number: 2020908008

Booklocker. Com. Inc.

2020

First Edition

Chapter One

Alexander Kellogg III studied his six-foot frame in the full-length mirror. He moved a bit closer, turning to view his profile. He snapped his suspenders and sucked in his stomach, which now hung slightly over the waist band. He plucked some lint from his blue pin stripe suit, which was now uncomfortably tight with his recent weight gain. He crept within a foot of the mirror to adjust his scarlet tie, ensuring the dimple was perfect. He tugged his square jaw back slightly, exposing his flawless teeth, as he rubbed his index finger over them rapidly, expecting to polish them even more brightly. Using both hands, he fluffed up his hair, so it looked thicker, rejecting the notion that it was inevitably thinning. He was also losing a battle to greying hair, demanding his stylist's weekly treatments maintain its natural black color. Kellogg was as vain in his appearance as he was ruthless in business.

Alexander Kellogg III, known as Xander, ran his real estate development company like a tyrant, demanding total allegiance from his employees and anyone he selected to do business with. He expected everyone to respond within minutes of any request, seven days a week, and at any time of the day. It was a privilege to be associated with Kellogg Development Company, although he now preferred the firm to be known simply as Kellogg, steadily building his brand over the past ten years. He also promoted a self-appointed nickname, Mr. X, much like a celebrity.

Kellogg heard a tap on his door. "It's Mike Peavy, boss...I need to speak with you immediately."

Peavy nervously stepped into the room, knowing Kellogg was notorious for ‘killing the messenger’ who bore bad news. “Ah...Mr. Kellogg, um...I just got a phone call from a clerk at Continental Divide Bank about the West Tower Office loan...they want a one and a half million-dollar paydown to lower their risk.”

“Peavy...what the hell’s wrong with that fucking lender? Christ, they should change the name to Cuntinental Bank! Get our damn loan officer over here this afternoon...what’s his name again?”

“James Middleton.” Peavy timidly replied as he brushed back a few strands of blonde hair that hung down to his eyebrows. He had the appearance of a meek accountant...thinly built, barely five feet tall and was balding quickly. Peavy was terrified of Kellogg and after a year as chief financial officer, he was convinced Xander lacked attention for detail.

“I remember the cocky bastard...it’s a shame he doesn’t have the personality of his father. The dink promised his bank would create a long-term relationship with me...now they’re demanding a million and a half dollars! Why?”

Peavy lowered himself slowly on the green couch. “Mr. Kellogg, they’re declaring the loan on West Tower out of balance based upon an updated appraisal...the value apparently dropped by two million dollars.”

“Are they joking...the appraised value should have risen by two million...or more!”

“Boss, you only contributed two hundred fifty thousand in cash when the construction loan closed last year. The bank also generously credited you for the significant increase in the land value above your purchase price, so perhaps a demand for more equity isn’t that unreasonable.”

“Peavy, are you hallucinating? I created the big pop in the land value after I stole it from a church and wrestled with the City of Lakewood bureaucrats for a year to get the zoning variance. John Collin’s law firm pulled a few strings behind the scenes too! God only knows who they bribed.”

Peavy shrunk down in the sofa, scanning the wild animal trophies mounted on the walls. Kellogg pointed at the collection. “Peavy, how do you think I can afford my safaris to Africa, the deep-sea fishing expeditions, and the Canadian hunting adventures?”

Peavy squirmed and looked down at the green carpet. “You’ve already taken five hundred thousand dollars in developer fees too.”

Kellogg flung a note pad at Peavy, narrowly missing his head. “Pal...without my development fees, your ridiculous salary wouldn’t get paid.” Kellogg slammed his fist on the desk. “What firm did the damn bank hire for the appraisal?”

“Boss, it was Allied Appraisal Group. Our property manager, Brenda Dunston, told me they inspected the building two weeks ago.”

Kellogg threw his hands up. “I could have lobbied the appraiser in advance if she had alerted us. I knew that we shouldn’t have hired that bimbo, but she does have a great body now that I picture her. Shit...you should have known about the appraisal too. What’s your excuse?”

“I was on vacation that week.”

“Peavy, I didn’t hire you to take vacations! One more fuckup like this and you’ll be on a permanent vacation!”

“Yes, Mr. Kellogg. It won’t happen again...I’m sorry.”

“I don’t want to hear any of my employees using that word.”

“Huh?”

“I haven’t used the word sorry in thirty years...it’s a sign of weakness. Now, go call that nimrod banker...I want to see him by the end of the day.” Kellogg picked up a coffee cup from his desk and hurled it against the wall. “I don’t have an extra million-five laying around right now!”

Mike Peavy returned to Xander’s office ten minutes later. “Mr. Kellogg, I spoke to Middleton’s secretary...he’s playing golf at The Platte Club and can’t be reached for the rest of the day.”

“Drive over there right now, find Middleton, and haul his ass over here!”

“I’m not a member at The Platte Club...they won’t even let me in the front gate.”

“I’ll call the golf shop myself.” He tapped several buttons on the telephone. “Hello...Kenny Boy?”

The head golf professional, Ken Ingram, intuitively knew who was calling...only one member called him Kenny Boy. “Good morning, Mr. X.”

“Fine...fine, Kenny Boy. Listen...James Middleton is out of the course somewhere. Deliver a message to him immediately to call my secretary, Phyllis. Got it?”

“Yes sir.”

“Wait...don’t hang up yet. Did you hear the joke about the priest...the one where the Catholic priest, Father Nelson, demonstrates his wrestling holds on the caddie?”

“Yep...that’s a good one.”

“Thanks Kenny Boy...see you on Thursday.”

Kellogg strolled outside his office to address his attractive assistant. “Phyllis, when James Middleton calls, tell him to get here by four o’clock.”

“Yes, Mr. Kellogg...do you want drinks served?”

“Hell no...unless you have some strychnine handy. Peavy, you need to be here too.”

“My son has his first little league game today at four and I didn’t want to miss it.”

“Peavy, you’ll have plenty of time for your kid’s games if you miss this meeting. Do you know what I mean?”

“I think so, Mr. Kellogg.” Peavy’s shoulders slumped. “I’ll be here.”

“Good...now go over the budget for West Tower with a fine tooth comb and move some line items around to eliminate this capital call ambush from those bank shysters. You got me into this mess by recommending Continental Divide Bank as the lender, so you better get me out of it.”

Peavy also knew that when there was negative news, Kellogg always used the words ‘you’ or ‘your’, blaming anyone except himself. Everything involving the firm centered on Kellogg, who always used the words ‘me’ and ‘I’...never ‘we’ or ‘us’.

Twenty minutes passed when Phyllis buzzed Xander’s intercom. “Mr. Kellogg, James Middleton called...he’ll arrive at our office by three forty-five.”

Kellogg dialed the extension for Eli Cohen, his Director of Leasing. “Cohen, bring the tenant prospect list for West Tower to me...right now!”

Eli Cohen hustled down the carpeted hallway to Kellogg's office, where Xander was rearranging several golf trophies on his credenza. "Good morning, Mr. Kellogg."

"Not a good day, Cohen...our crazy West Tower lender wants a huge loan paydown. I'm meeting with our arrogant loan rep later...I want the latest detail on the tenant prospects."

Cohen handed Xander a stained yellow sheet with handwritten notes. "Sir, here's the most recent update from Reagan & Holbrook's leasing team...it's two weeks old."

"What do ya' mean...two weeks?"

"R & H updates the leasing activity every two weeks...it's expressly stated in the leasing agreement."

"Shit...two weeks is an eternity. And what's with this scribbling...I can barely read it! Can't those lazy brokers even type? What's with all the coffee stains?"

"Sorry, Mr. Kellogg..." Kellogg instantly covered Cohen's mouth with his right palm. "Don't ever say sorry again! I just chewed out Peavy for that too."

Cohen coughed twice and tried to clear his throat. "My wife spilled her coffee on the leasing summary after I left it on our kitchen table."

"Cohen, how many times have I told you never take anything confidential out of this office...spies are everywhere to steal a tenant. Do you want a permanent vacation too?"

"It won't happen again."

"Tell those sleepy R & H brokers I want to see a detailed typed tenant prospect list every day. I don't give a shit what the listing agreement states. Now, give me the updates."

"They're chasing a new proposal with the GSA..."

Kellogg interrupted. “Who is the GSA?”

“The General Services Administration...the Federal government. The GSA needs eighty thousand square feet for their Fish and Wildlife division...they prefer the top two floors of West Tower on a three-year lease term.”

“How long have they been working on it?”

“About two weeks now...it’s very preliminary. You know how bureaucratic the government is...some flunky in Washington is the decision maker. The Bureau of Mines needs thirty thousand square feet, but they want the best space on the fifth floor for a six-year term with a cancellation option after three years.”

“Why does a government agency need views? Their employees should be housed in a basement somewhere where there’s no windows! Christ...and they want the right to vacate early too?”

“The Department of the Interior is planning a three hundred-thousand square foot building to consolidate several agencies, so the Mines division would likely move into that facility as well as Fish and Wildlife.”

“Are we on the bid list for that project?”

“They want a developer who has built office projects of at least that scale. We can’t meet the minimum qualifications.”

“Call our congressman, Casper Walsh. I gave him two thousand bucks for his last campaign. He should know the right contacts back there in DC to get us in the game. Who else looks like a good tenant prospect?”

“A small gold mining company for twenty-five thousand square feet. They’re not well capitalized, so we would be taking a credit risk.”

“What’s the price of gold these days?”

“About three hundred bucks an ounce.”

“Call Stan Thompson at Bache and ask about their forecast on gold prices. If they’re bullish on the price of bullion, we can get some stock warrants on the company to compensate for the financial risk.”

“There are two companies involved in oil shale exploration on the Western slope, each needing fifteen thousand square feet. They’re privately held, and we haven’t seen any financials on them yet.”

“Ask Stan about whether shale technology has any future and what the breakeven price they need to be profitable for a barrel of oil. Who else is out there?”

“Just a handful of small businesses...two accounting groups, an individual law firm practice, a financial planner, and a residential loan broker.”

“We certainly don’t want to break up a floor for smaller tenants yet. However, have George Clements’ architectural team create a space plan for a multi-tenant floor layout. More importantly, order those two worthless brokers from R & H to come here Thursday morning. This is their first assignment with us, so they better get their asses in gear or I’ll fire them. You should start sweating too, since you recommended those bumpkins.”

“I have a tenant showing on Thursday morning...can we make it in the afternoon?”

“No...I’ve got a big golf game set up on Thursday afternoon at The Platte Club.” Xander scanned the tenant list again. “Cohen...add a few large company names to this list and have Phyllis retype it. I need to impress our lucky loan rep and his braindead associates.”

“I’ll call Pete Simpson or Nate Allen at Reagan & Holbrook right away.”

“Don’t call those clowns...make up a few impressive companies, like IBM, Dupont, GE, and Xerox.”

Cohen appeared confused, but slowly pivoted, disappearing down the hallway.

Xander shuffled over to his liquor cabinet, reached for a bottle of Glenfiddich scotch whiskey and poured it into his favorite glass, handblown in a Venetian factory he toured last year with his wife, Jill. He reached into a silver ice bucket, plucked six cubes, and dropped them in the fancy crystal. He swiveled the drink with his index finger, sampled it and smacked his lips. As he peered out at the passing cars on Interstate Highway 25, he pondered why he let his brother, Robert, convince him to develop office buildings. He would now need to get tough with the bank and the leasing team at Reagan & Holbrook. One by one, he chewed on the ice cubes, taking larger sips until the glass was empty.

Mike Peavy knocked on the partially open door and Xander motioned him into the office. Peavy unfurled a long sheet of paper and spread it out on the desk.

“Mr. Kellogg, I’ve studied our budget and see a few places to save about five hundred thousand dollars.” He pointed to several highlighted red numbers. “We can eliminate some trees and excess landscaping and convert the concrete parking lot to asphalt...that’s nearly a hundred thousand bucks right there. We have seven hundred thousand in unfunded tenant finish and for the common areas and the restrooms...we can order cheaper fixtures and lower grade carpeting or tile to save fifty grand. Clements’ space planners can design open floor plans to lower the demising costs. Finally, we have two hundred thousand in our contingency account and can convince the bank’s inspector to get by on a hundred thousand.”

“Is that all?” Kellogg frowned.

“One major problem...the bank is concerned about the interest reserve and believe the Prime Rate will increase soon. We’re eating through our reserve pretty quickly...trouble either way, Mr. Kellogg.”

“What do those bank dummies know about interest rates? The politicians in Washington know the country can’t handle higher rates. By your math, that still leaves a million-dollar shortfall. Get a copy of the appraisal report from the bank or call the appraiser directly.”

“I’ll be in trouble with the bank if I call the appraiser.”

“So what? I want to see the appraisal report tomorrow.”

Phyllis called on the intercom. “Mr. Kellogg, your wife is on the phone.” He pounded his desk, becoming even more infuriated.

“All right...I’ll speak to her.” Kellogg reluctantly accepted the call, never wanting to be interrupted by his wife while conducting business...none of her ideas could be more important than his priorities.

Kellogg waited a minute to pick up the receiver, knowing it would irritate her. “Hello Jill...how are you?”

“Fine...do you remember the fundraising dinner is tonight?”

“Yes, I remember...you’ve only reminded me fifty times!”

“It’s at six o’clock at the Cosmopolitan Hotel and I MUST be there early as the co-chair for the event. Be sure you bring your credit cards...I want to bid on several expensive items.”

“Of course.” He slammed the receiver down.

Phyllis broke in again. Mr. Kellogg...your attorney is on the phone for you.” Kellogg was eager to speak with John Collins, his longtime counsel, who he nicknamed Colly.

“Colly, have the cowboys in Nebraska contacted you on the ground lease extension yet?”

“Not yet...apparently, they don’t they know if they miss the ground lease renewal date, their two downtown buildings revert to your KF Trust.”

“Colly, you should disappear for a couple of weeks so they can’t find you...bye bye.” Kellogg dropped the receiver on the handle perfectly from a foot above.

Peavy was listening intently to the conversation. “Hold on a minute, Mike...I gotta take a piss.

Peavy closely examined the animal trophies until Kellogg returned from his private bathroom. Purposely keeping his back facing away from Peavy, Kellogg picked a circuitous route around his desk, before bouncing into his leather desk chair. Peavy chuckled...Kellogg had urinated on his slacks and was surreptitiously trying to hide the wet stain.

“Peavy...that was John Collins on the phone. In 1938, he drafted an eighty-year ground lease on a downtown quarter block our family trust owns. A real estate developer leased the land and built two four-story buildings on it in 1939 and later sold them to Gus Bristol, a wealthy rancher from western Nebraska. Gus died five years ago, and his dimwit sons inherited the leasehold interests. Collins is the Trustee for the KF Trust...the Kellogg Family Trust, whose sole beneficiaries are my brother and I. Nearly forty years has passed, and the extension option date for the next four decades is quickly approaching. If the Bristol kids don’t exercise the extension option in

writing soon, the KF Trust will automatically get title to both buildings...after I demolish them, I'll construct the tallest building in downtown Denver on the parcel."

"Very impressive, Mr. Kellogg."

"Yes, I am a genius...now go back to your office and find more savings on the budget. Middleton will be here soon." He glanced down, noting the hands on his Rolex Cosmograph watch, which pointed to three o'clock.

Kellogg poured another scotch and stretched out on his office couch. He picked up a travel agent brochure on a Mediterranean Sea cruise. Jill had been pestering him about the trip for several weeks. A few minutes later, he fell asleep.

Phyllis startled Xander with a call on the intercom. "Mr. Kellogg, James Middleton is here to see you...he's waiting in the reception area."

He stumbled toward his desk and snatched the phone receiver. "He can sit out there for a while. Did you type Cohen's tenant prospect list?"

"I'll be done in a minute."

"Bring it here when you're finished...then call Cohen and Peavy to report here for duty."

Cohen came in three minutes later, anxiously observing Kellogg scrutinizing the tenant roster.

"Cohen...nice job. IBM, Xerox, Dupont, GE, Exxon, and Texaco should really impress those banksters." He skimmed down the list. "Who's Tosco?"

“A California oil exploration company...they’re working on a large shale project on the western slope.”

“And Frontier Insurance Group...who are they?”

“R & H actually had them on an earlier list. They’re located in a building down the street and have a lease expiring in two years...we could sublease their space if we land them for West Tower.”

“Sublease their space for less than two remaining on their lease term? What the fuck are you thinking?”

“Just trying to be constructive...maybe we can get an extension or exercise an option if Frontier even has one.”

“Who’s the building owner?”

“Abe Friedman.”

“He’s a Jew. I can’t deal with those people...too much endless negotiations.”

“Mr. Kellogg, you’re forgetting that I’m Jewish.”

“Ah...well...that’s why I hired you in the first place...you like to kibitz too.” Kellogg chuckled, glancing at the tenant prospect list again. “This should work, Cohen.”

He turned to address Peavy, who joined the meeting. “Did you find any more cost savings in the budget?”

“Nothing that would make much of an impact.”

“All right...go get that creep. What’s his first name again?”

“James...James Middleton.”

Xander opened his closet door, using the mirror to brush his hair in place, so it was perfectly parted. He rubbed his fingers over his teeth again and dropped a breath mint in his mouth. Recalling his bathroom accident, he inspected his trousers, waving the note pad over the spot several times. He elected to sit behind his expansive oak desk, built on a pedestal six inches above the floor...Kellogg insisted on looking down at everyone seated in the room.

James Middleton, still dressed in golf attire, was escorted by Peavy into Kellogg's office.

"Good afternoon, Mr. Kellogg."

Middleton attempted to shake hands with Kellogg, although Xander remained seated, pointing the banker to a straight back wooden chair. "James, it's nice to see you. I hope you got your golf game in...how did you play?"

"I had to cut my round short after the fifteenth hole...I was one under par."

"Nice...you can finish your round when we're done here, but this meeting couldn't wait. Peavy got a call from some clerk at your bank suggesting our West Tower loan was a million dollars out of balance. There must be some mistake...that's a beautiful building. The Colorado Architectural Association will name it the best suburban office project for 1978. When we get the landscaping in and the parking lot fully paved, we'll get even more tenant inquiries...actually, Eli Cohen's phone has been ringing off the hook."

"I just heard about the loan paydown decision early this morning. The required amount is actually a million and a half."

"Why didn't you call us immediately?"

“I had an important meeting with a new bank customer and hosted another prospect for golf at The Platte Club.”

“New customers, eh?” Kellogg jaw clenched before slamming his fist on the desk. “What about an existing fucking customer?”

“I should have called myself, but...” Middleton hesitated as he squirmed in his chair. “The loan documents allow our bank to order an appraisal update any time...our compliance department engaged Allied Appraisal Group three weeks ago and the report was received yesterday. The value was lower than the appraisal prepared a year ago before the loan was closed. Our audit department is concerned about the lack of leasing and the shrinking interest reserve balance too.”

“I can’t understand why Sanders Appraisal Services wasn’t asked to provide the update. They’re the most familiar with the building and the market. I want to see a copy of the Allied appraisal to check their mistakes.”

“I’ll try to get it released, but our compliance department doesn’t want borrowers to review our appraisal reports...it can only lead to a contentious debate”

“I don’t care about your policies...I want to see where they’re screwing us!”

Middleton started to stammer, looking out the window. “Y...Y...Yes...I’ll try my best.”

Kellogg rose from his chair, standing in front of the shaken loan officer and yanked Middleton’s jaw forward. “Look at me when I speak to you! Eli Cohen updated our leasing prospect list, so take this back to your clueless green eyeshade auditors. The boys at Reagan & Holbrook have really picked up the pace recently. You’ll see some big company names who could lease the entire building.”

Middleton studied it for thirty seconds. “This looks fairly good. I hope we can see some leases soon...or at least some letters of intent. My boss, Willard Edwards, asks me about this loan every day. If you recall, the loan extension comes up in three months and there are certain leasing hurdles required for the option.”

“We’ll easily meet those tests. Peavy wants to go over the budgets with you too. He feels that we can reduce several line items based upon input from our architect.”

Peavy unfurled a long ledger with his handwritten adjustments. “James, here’s our modified budget that will free up about five hundred thousand dollars...take this with you too.”

“All right, but our bank will want to know that the quality of the building is consistent with our expectations based upon the original plans and specifications.”

Kellogg snatched the ledger from Peavy and held it three inches from Middleton’s eyes. “You’re pissing me off! You danced in here a year ago telling us how reasonable your bank would be. I don’t want to hear any more bullshit. I want a copy of the appraisal tomorrow and you need to credit us for these budget changes before the next draw. I’m not giving you more cash equity because some bumbling auditor can’t get his fat ass out of his chair and drive out to see our beautiful building. I should have done this loan with Wes Wheeler at First National Bank.”

“Mr. Kellogg, it IS a gorgeous building, but we need to address the lack of leasing.”

“I’ll bring our brokers down to your office next week and they can give your boss a firsthand report.”

“I’ll try to see what I can do, Mr. Kellogg.”

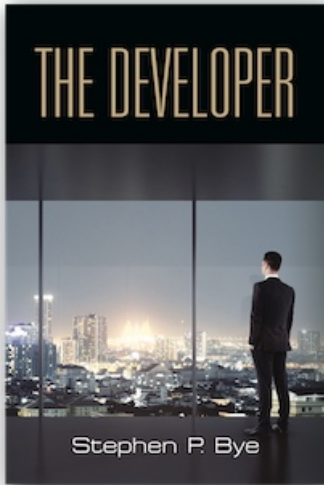
Middleton's face was pale, and his voice trembled. He rose quickly from his chair and bolted out the door.

Peavy instantly stood up. "Mr. Kellogg...Middleton has only been at the bank for two years and West Tower is the largest loan he has originated. He doesn't have much influence."

"Are you defending him?"

Peavy shook his head.

"Peavy, let's see what happens tomorrow. Fucking bankers...all they're good for are tickets to the Bronco games, although those two Super Bowl tickets last year were decent. I need to get home and attend another rubber chicken charity dinner my wife roped me in on. I hate these things. I can't even remember what charity this involves."



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