



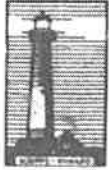
**N-war escape plan
for state criticized**

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**Arcade addict whiz
at zapping asteroids**



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Rocky Mountain News

Weather
Much warming
Details, page 10

360 PAGES

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NEWS PHOTO BY JOHN GORDON

Keeping warm in Creede

Vickie Kulyk stands on the balcony of her Creede home above her firewood supply. She expects it to fuel several stoves for the

duration of the winter. Temperatures in Creede recently have been well below zero most nights. STORY, PHOTOS ON PAGE 10.

**IRS bows to congressional wishes
in granting \$75-a-day tax write-off**

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Clayton land sold below market value

By **LOLIS KILZER**
News Staff

Ignoring the advice of the city's assessor, Denver officials last year sold land belonging to Clayton College for nearly a million dollars below the market value, a review of real estate records shows.

The Clayton Trust Commission, headed by Mayor William H. McNichols Jr., sold the trust's last remaining piece of downtown property — 60 percent of a parking lot in the 500 block of Tremont Place — Jan. 7, 1981, to Loup-Miller Enterprises for \$1,875,000. That amounted to \$100 a square foot.

Denver's assessor, Michael Licht had told the commission that the orphanage property might have been worth \$150 a square foot.

Three months after the sale, Licht's estimate apparently was vindicated. Records show that the same developer bought the rest of the lot from private parties for \$150 a square foot. The developer also acquired a half interest in the small building at 16th Street and Tremont Place that abuts the parking lot. The price, \$291 a square foot.

In downtown Denver's fevered real estate market, there's no way to know what the city could have received for the orphanage land if it had openly accepted offers from other developers. But the

city-run trust didn't do that. Nor is there any evidence that it tried to bargain further with Loup-Miller.

(Continued on page 42)

Slot machine pays \$408,000 to retiree

By **TIM McGOVERN**
News Staff

Like every gambler, Stephen Kovacik of Denver used to say, "Maybe someday I'll hit the big one."

In years of trying at lotteries back East and other small games, Kovacik never won a thing. But Saturday — his wife's 69th birthday — all that changed.

Kovacik, 77, a retired real estate agent who lives at 1550 Olive St., Saturday won \$408,000 in the largest slot machine jackpot in Las Vegas, Nev., history.

Kovacik hit the bonanza at a dollar slot machine at the MGM Grand Hotel shortly after noon Saturday.

After spending about \$35 on the machine, his final tug lined up five sevens on the center line of the machine and, seeing what he'd done, Kovacik wailed, "My God, I don't believe it!"

Kovacik and a hotel employee hurried to a nearby telephone and dialed Kovacik's wife, Kathryn, at home in Denver.

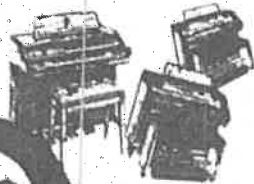
The man from the hotel said, "Mr. Kovacik wants to

(Continued on page 42)

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Denverite wins fortune in Vegas

(Continued from page 1)



Stephen Kovack

wish you a happy birthday, and he has something else to tell you," his wife related. Then, she said, her husband came on the line with the news.

"He was so excited he could hardly talk. He just told me how much he had won, then he called back later and said he was invited to a dinner given for him by the hotel."

Mrs. Kovack said late Saturday that she hadn't even wanted her husband to make the Las Vegas trip.

"He's had the flu and hasn't been feeling well lately," she said. But, she said, he gets a certain kind of medicine in Nevada and insisted on making the trip. He left Thursday and was scheduled to return Sunday.

Asked what the couple will do with the huge winnings, Mrs. Kovack said, "I haven't even given it a thought. There are several places we could put it. We'll just have to talk about it and decide."

One thing's sure, she said: The instant wealth won't turn her into a social climber in high society.

"I've always wanted enough to get along, on but I haven't needed to have a lot of money. We've never been ones to keep up with the Joneses — which we certainly don't do."

MacFarlane raps sale of Tremont property

(Continued from page 1)

If a buyer had been willing to pay at least \$150 a square foot — even less than the developer did three months later for the rest of the parking lot — the trust would have been \$937,500 richer.

One firm that might have wanted in on the action is Oxford-Ansco Development Co. Oxford-Ansco is the developer of the 56-story Republic Plaza office building down the block from the Clayton parking lot.

At the time City Hall was talking to Loop-Miller, Oxford-Ansco was shopping around the area for a place to put a 2,000-car multi-story parking garage for Republic Plaza employees.

But Oxford-Ansco never sought to buy the Clayton land. A company spokesman told the Rocky Mountain News Friday that Oxford-Ansco "did not try to purchase the land because it was tied up in the Clayton trust. The company felt it would be too hard to get and far more expensive."

Instead, the company bought land for \$115 to \$120 a square foot in 1800 block of Tremont Place, a "low-rent" district. When informed that the Clayton land went for \$100 a square foot, the spokesman said, "Jeez."

The trust, established by pioneer Denver millionaire George W. Clayton in 1899, was left for the schooling of orphaned boys. Clayton named Denver as trustee, and the City Council appointed three officials to run the trust — the mayor, the manager of revenue and the City Council president.

The News article alleged that many of the assets of the trust, including the Park Hill Golf Course, were being used more to the benefit of the city than to the benefit of the 33 disadvantaged or orphaned boys at Clayton College.

In December, Colorado Attorney General J.D. MacFarlane agreed that the assets were being mismanaged. He petitioned Denver Probate Court to remove the city as trustee, even suggesting the city pay damages for its allegedly bad investment decisions.

One of those bad decisions, MacFarlane said, was the sale of the Tremont land. He said the city breached its trust by selling it "to the first and only bidder, without testing or exploring the market, based upon appraisals which did not reflect true fair market values."

The record appears to back up MacFarlane.

The city, acting as the college's trustee, signed an option contract for the land in May 1978 with the partnership Loop-Miller Enterprises. The contract fixed the price of the land at \$1,275,000 for 10 months.

Two days later, Licht sent a memo to the commission in which he questioned the appraisal method used to determine the value of the Clayton land. His persons involved in downtown development have told the News, the best way to determine the value of a piece of downtown

property is to let word out that it's up for sale and let the offers roll in.

Wrote Licht in his memo: "There is no pattern for downtown land sales. If the prospective buyers of this site can assemble the two lots on the corner of 15th Street and the four YWCA lots, the land assembled may run as high as \$150 per square foot."

"I recommended that the price they paid was low, and they didn't listen to me," the city assessor said.

(The four YWCA lots mentioned by Licht constitute 40 percent of a parking lot in which the Clayton land was located. Before it was a parking lot, it was the site of Denver's YWCA.)

Loop-Miller decided to exercise its option to buy the property, and on Jan. 7, 1981, the Clayton trust signed over its deed. Loop-Miller sent the city a check for the purchase dated nine days later — Jan. 16.

That's the same day Loop-Miller Enterprises sold the land to another company controlled by the Loop-Miller partners, Tremont Development Co. The purchase price was \$2,311,300.

On paper, Loop-Miller Enterprises made a \$636,300 profit on an investment held one day.

Roger L. Simon, a Denver attorney who represents Loop-Miller and is on the board of Tremont Development Co. said the sale was for tax and other reasons and didn't represent a windfall profit.

Simon said although the Clayton sale price was considerably below the price paid for the rest of the parking lot three months later, that doesn't necessarily mean the price was too low. Often, the first piece of property to be purchased in a proposed "assemblage" of downtown property for sale goes for less than other pieces later purchased.

One reason developers give is that the first person to sell doesn't know that an assemblage is possible or will be successful.

That doesn't apply to the Clayton Trust Commission, however.

A letter from a real estate broker to McNichols dated Feb. 27, 1980, — three months before the option was signed — shows the mayor clearly knew he held the hot hand in a large downtown proposed assemblage.

Wrote the broker: "Since, as you are aware, Loop-Miller Enterprises is proposing to assemble the YWCA property, the Clayton trust property and the two lots on the corner of 15th and Tremont in order to construct a major downtown apartment house project... it is essential that their proposal be considered as soon as possible prior to any final determination by the owners of the YWCA property to continue with their (proposed) office building."

"Once that project begins, the assemblage opportunities as anticipated here will no longer be possible."

McNichols didn't respond to a reporter's