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July 19, 2006

Mark Heller
Executive Director
Golden Urban Renewal Authority
922 Washington Avenue, Suite 100
Golden, CO 80401

Subject: Golden GURA Garage & Gateway Station
Project Status Update

Dear Mark,

We understand that proceeding with the GURA Garage project is based on the parking demand to be created by Gateway Station and TIF revenues generated by Gateway Station to repay the Garage costs. As such, the GURA Board is interested in getting some reconfirmation that Gateway Station will proceed prior to committing to costs for construction materials for the GURA Garage. This letter is to provide the GURA Board and you with an update on the status of the pre-sales at the Gateway Station project and the opening of the construction loan for Gateway Station in order to address the GURA Board's concerns.

As of today we have pre-sold 16 of the 34 condominium units at Gateway Station including two of the Penthouse units. Our loan specifies that we must have 17 units pre-sold or net sale proceeds of \$6,420,000. LaSalle Bank confirmed in their letter dated July 7, 2006 that we have met the pre-sale requirement for opening the loan.

As part of opening the construction loan, the total equity required to be paid by Washington Square Golden, LP and our investors is \$4,344,000. This amount is calculated as follows:

Total Project Costs: \$17,815,000
-Total Loan Proceeds: -\$12,471,000

Total Equity Required: \$5,344,000
-GURA Equity -\$1,000,000

WSG Equity Required: \$4,344,000

Washington Square Golden LP issued a capital call earlier this month to our investors that required \$506,000 in equity to be contributed by July 19, 2006. This amount has been received by our lender. To date Washington Square Golden, LP and our investors have contributed \$1,506,000 or 35% of the total equity required. We anticipate that by mid-August 2006, Washington Square Golden, LP and our investors will have contributed 100% of the total equity required for the Gateway Station loan.

The design of the GURA Garage is complete at this time and we are currently waiting for the building permit to be issued in early August. The major building material component of the GURA Garage is precast concrete panels and double tees. This material is being fabricated and erected by Stresscon. In order to maintain the precast erection start date of 11/1/06, Stresscon must proceed now with shop drawings and the pre-purchasing of the brick material.

The following is a summary of the estimated major milestones dates related to the precast procurement:

Shop drawings completed:	8/1/06
Brick order placed:	8/15/06
Start Gateway & GURA foundations:	9/15/06
Start fabricating precast panels:	10/1/06
Start erecting precast panels:	11/1/06

Therefore, the total potential cost exposure to GURA for the building material pre-purchase and soft costs between today and 10/1/06 would be the following:

Precast shop drawings:	\$ 52,000
Foundation resteel:	\$ 15,000
Brick material:	\$ 10,000
Utility Relocation Costs (Sept):	\$ 95,000
Soft Costs (July- Sept):	<u>\$ 90,000</u>
Total:	\$262,000

In regards to the \$1,000,000 equity contribution to be made by GURA per Section 4.0.3 of the RDA, we agree with your assessment that these funds would not be due from GURA until such time as NexCore has met all of the loan opening requirements on Gateway Station (including net sales met and all equity contributed) and the start of foundations on the Gateway Station project. Based on the current construction schedule, we would expect that the earliest this \$1,000,000 would be due from GURA would be mid-September 2006.

The sitework for the Gateway Station project is scheduled to start on 8/1/06 with the demolition of Hested's and the commencement of the site utility relocation. NexCore has finalized our contract with The Neenan Company to build Gateway Station, and they have been authorized to proceed with the building demolition and site utility work.

We hope that our \$1,506,000 of equity contributed to date, our plan to contribute the remaining \$2,838,000 of equity by mid-August and our plan to start construction of Gateway Station by mid-September shows the GURA Board that we are committed to proceeding with Gateway Station based on our current pre-sale success. We do not see any reason at this time why Gateway Station would not be built.

In summary, we believe the total potential cost exposure to GURA for material pre-purchase, site utility relocation and soft costs is \$262,000 for the period of 7/19/06 – 10/1/06 with the assumption that by mid-September; Washington Square Golden LP will have met all of the loan requirements, contributed 100% of the required equity and started foundations at Gateway Station. If by mid-September, the above conditions have been met, then the GURA Board would approve the start of precast panel fabrication for the Garage and would authorize the payment of the \$1,000,000 for Gateway Station. However, if the above conditions have not been met by mid-September; then the GURA Board could elect to suspend fabrication of precast panels and delay the payment of the \$1,000,000 until the Gateway Station loan was open and Gateway Station foundations had started.

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Please give me a call if I can answer any questions regarding this project update.

Sincerely,

John Lasell
Vice President

Cc: John Rossini
Tim Schlichting
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