

August 18, 2005

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

Re: Update of Financing Alternatives for GURA Debt Restructuring  
and New Funding for current projects

Dear Mark;

The past few days have been extremely busy as there has been much to do and discuss regarding the potential to reshape the current debt obligations of the Golden Urban Renewal Authority (the "GURA") and to determine methods to add additional financing capacity for new projects that are currently in negotiations. You and your staff have been most helpful to assist in this effort and I thank you for providing the details I need to quickly move forward to assist you.

The review of the entire Authority has encompassed a financial review of the Authority operations, a summary reading of the current debt obligation(s), a thorough site walk through, review of many documents pertaining to the projected developments under consideration, discussion with attorneys, potential investors and discussions with the investment banking firms that presented proposals for GURA to consider in the issuance of bonds of GURA. Needless to say we have learned much and we have more to do.

Due to the brief timeframe allocated to arrive at an answer to the financial puzzle, I am reluctant, as of this writing, to absolutely recommend a particular firm or investor with which we should proceed to complete the funding of these projects. The work of Marilee Utter of CitiVenture Associates and Tim Leonard of Deepwater Point Company has intensified but as of this writing has not produced a clear picture of the needed amount of funds nor the timing of that need. The result of their work will provide to GURA the needed public purpose funding for the NexCore project and more importantly the timing of that need.

One of the primary goals of structuring the financing for the Authority is to inject considerable flexibility into the funding, not only in the amounts needed and when they are needed, but also incorporating flexible repayment terms and conditions at the lowest possible cost. To see if we can accomplish those goals I have had many conversations with local banks, investment bankers and several attorneys as a way to describe what we

want to accomplish and still stay within the realm of reasonableness and keep the obligation tax-exempt. I believe we can accomplish all of those objectives.

My first recommendation is to proceed immediately with preparing the proposed loan with the Golden Civic Foundation. Their offer should be accepted and this should represent the first layer of funding for the new projects currently in negotiation. How that funding would be used will be determined within the next few weeks, but we should get ready to execute and close on the loan. The terms and conditions of such loan are very reasonable and represent a good opportunity for GURA to use those funds as soon as the need and the amount has been determined.

My second recommendation is to continue to negotiate with the banks I have contacted and those that have shown interest in funding GURA for the proposed projects. To date, I have had discussions and/or had meetings with the following banks; Wells Fargo, FirstBank, Vectra Bank, Colorado Business Bank and Commercial Federal. GURA has already received a preliminary Term Sheet from Vectra Bank.

These banks are showing strong interest in funding projects for GURA with flexible terms, draws to match the need and interest rates reflecting a tax-exempt bank-qualified market. I am seeking to employ a revolving loan or a line-of-credit type structure that would enable GURA to draw funds when needed and to repay the obligation as funds are available incorporating an option to increase funding at a later date if new projects arise in future years. I have been asking for up to a \$6,000,000 commitment with the potential to draw more if additional funding tests can be met. These discussions will take a little longer and a decision regarding the specific bank and the terms and conditions should be available by the next Authority meeting.

All of the banks contacted will require a tax-exempt legal opinion on the obligation. To that end I have contacted Donald Stover at Kutak Rock to determine his firm's willingness to provide such an opinion. He will need to review the actual terms and conditions of such obligation and the use of the proceeds but believes that, subject to a careful review of such uses, a tax-exempt opinion could be rendered. We will need to be careful to protect such status as funding non-qualifying portions of a project could result in a taxable transaction.

The back stop to the potential to not being able to complete a bank financed obligation would be to engage one of the investment banking firms that submitted proposal responses to GURA. I believe that any one of them could accomplish a non-rated publicly offered bond and deliver proceeds to GURA. They are all strong reputable firms whose capabilities are well known and can provide funding, if needed. This type of funding would be the least flexible and would require that all funds be issued at once or in a series of bonds over the years creating a more costly method of delivering funds to GURA. I would ask to reserve the right to engage one of these firms only after negotiations with a bank are proven to be unsatisfactory.

While I am not able to provide a full road map of exactly what we should do and with whom it should be accomplished, I have provided the first step and will be able to recommend the next step(s) at the next GURA meeting scheduled for September 12. If all of the negotiations with the potential developers are completed, the amounts needed

and timing of the draws are determined and we have a good opinion on the obligation, we will be ready to finish the needed funding by November 1, 2005.

I appreciate the opportunity to assist and welcome your inquiries as to the progress made to date.

Regards;

Gene R. Andrist  
Principal