

October 20, 2005

Mr. Scott Gagon, President
The Golden Civic Foundation
P.O. Box 1538
Golden, Colorado 80402

RE: Loan Request for NexCore Project

Dear Scott:

In the long and successful tradition of partnership between The Golden Urban Renewal Authority (GURA) and The Golden Civic Foundation (GCF), please forward to the full Board GURA's request for a loan under the terms described below to support the proposed redevelopment of the properties near 13th and Washington known as "Hesteds." GCF's assistance will be essential for this redevelopment to occur.

GURA and GCF have been in discussions for many months with NexCore Group LLC, the potential developers of Hesteds. NexCore Group has indicated that it has a funding gap of approximately \$1,250,000 for the redevelopment of the Hesteds and Linder Buildings (Phase 1A). It has further indicated that it would require most of these funds at the closing of its construction loan rather than paid out through time under a TIF deal with GURA. The GURA Board and its consultants have reviewed NexCore's projections and concur, and it is my understanding that GCF also concurs.

GURA's additional support of this redevelopment includes the remediation of the contaminated on the properties, the construction of a parking garage partly on the properties, and the reassembly and potential conveyance of a new parcel that would be comprised partly from the properties. GURA is negotiating a loan with Colorado Business Bank (CBB) to fund most of this work.

In preliminary negotiations between GURA and GCF, we discussed the relative priority, interest rates, and terms of the potential GCF and CBB loans. After further negotiation with CBB, it will require the GCF loan to be subordinate. While current drafts of the CBB loan documents prevent early payment and additional loans with GCF, I am confident that these terms will be removed in the final version.

Therefore, please consider a loan to GURA under the following general terms:

1. A fixed interest rate of between 4% and 4.5%
2. A term beginning at any date before the closing of NexCore's construction loan and ending on December 1, 2014.
3. A total loan amount of \$1,250,000 where the first \$1,000,000 would be paid out and earning interest upon the closing of NexCore's construction loan, and where \$250,000 would be paid out and earning interest upon NexCore's receipt of a Certificate of Occupancy for Phase 1A. Both payments would be made to GURA, which would immediately reconvey the entire payment to NexCore.
4. GCF's loan would be subordinate to CBB's loan to GURA and senior to future pledges of GURA's property tax revenues.
5. GCF's collateral for the loan would be GURA's property tax increment revenue not already pledged to existing TIF deals, grants, and the CBB loan, as outlined in the attached spreadsheets. These spreadsheets show GURA's anticipated revenues and expenses through 2014 including the GCF and CBB loans, and including projections for the NexCore project and the imminent development of GURA's "Lot A."

I hope I have accurately summarized our negotiations thus far. Please let me know if we need to revise these general terms or if you need additional information. As you know, time is extremely limited finalize all transactions, and I will make myself available as needed.

Very truly yours,

Mark Heller
Executive Director

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