



November 5, 2008

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

RE: Response to Questions

Dear Mark:

Thank you for the opportunity to present to your GURA Board, below are the answers to the additional questions you have asked.

*Question 1. Parking*

Below is a copy of a parking demand analysis completed by GURA and presented in the public information associated with your July 28<sup>th</sup>, 2008 meeting. As the RFP was not specific regarding either the parking requirement or how the development could utilize the adjacent garage, we have used this demand analysis as the guiding document for our proposal.

Parking Demands on Gateway Station		
	SqFt	Spaces
Total Spaces in Gateway Station Garage		268
Banks Easement		(6)
Lot 4 Development		(49)
Lot 2 Development		(61)
Total Available After New Demand		152
Prior Surface Spaces		(95)
Estimated Gateway Demand		(161)
Net Gain		(105)
<b>Lot 4 Parking Demand</b>		<b>64</b>
based on 7500sqft footprint and 2 levels		
Residential	0	-
Office	7500	25
Retail	6000	24
Restaurant	1500	15
Spaces Available Underground		(15)
<b>Spaces Needed</b>		<b>49</b>
<b>Lot 2 Parking Demand</b>		<b>86</b>
based on 9000sqft footprint and 3 levels		
Residential	9000	8
Office	9000	30
Retail	7000	28
Restaurant	2000	21
Spaces Available Underground		(25)
<b>Spaces Needed</b>		<b>61</b>

We understand this demand analysis to anticipate that the Gateway Station garage would provide a total of 61 spaces for the Lot 2 development assuming 25 spaces were included in the Lot 2 project. Below is a summary of our initial program for Lot 2 that reflects the use of these 61 spaces in the garage. The plans included with our initial proposal depict a total of 24 below grade spaces that will be included in the project. The costs associated with the construction of this garage has been included in the information presented in our original proposal, additional information on the garage is included in the proforma requested for Question 3.

PROGRAM SUMMARY:  
 Site Area: (sq. ft.)  
 Zoning: C2

FLOOR		PARKING RATIO / PER 1000 S.F.	PARKING REQUIRED	EFFICIENCY	NET FLOOR AREA	FLOOR COMMON AREA	GROSS FLOOR AREA
GARAGE	BELOW GRADE GARAGE						8,740
LEVEL 1				88.8%	7,310	922	8,232
	RETAIL	4	29.2		7,310		
LEVEL 2				83.9%	6,579	1,261	7,840
	OFFICE #1	3.33	16.1		4,846		
	OFFICE #2	3.33	5.8		1,733		
LEVEL 3				83.9%	6,579	1,261	7,840
	OFFICE #1	3.33	16.1		4,846		
	OFFICE #2	3.33	5.8		1,733		
LEVEL 4				81.0%	5,932	1,312	7,244
	RESIDENTIAL UNIT 1		1.5		1,082		
	RESIDENTIAL UNIT 2		1.5		798		
	RESIDENTIAL UNIT 3		1.5		1,258		
	RESIDENTIAL UNIT 4		1.5		1,047		
	RESIDENTIAL UNIT 5		1.5		935		
	RESIDENTIAL UNIT 6		1.5		812		
<b>TOTALS (EXCLUDING GARAGE)</b>			<b>82</b>		<b>26,400</b>	<b>4,756</b>	<b>31,156</b>
PARKING REQUIRED			82				
PARKING PROVIDED ON SITE			25				
PARKING PROVIDED IN ADJACENT GARAGE			61				
TOTAL PARKING PROVIDED			86				
TOTAL NUMBER OF RESIDENTIAL UNITS			6				
AVERAGE UNIT AREA (sq. ft.)			969				
TOTAL RESIDENTIAL AREA			5,932				
TOTAL RETAIL AREA			7,310				
TOTAL OFFICE AREA			13,158				
TOTAL COMMON AREA			4,756				
GROSS BUILDING AREA (EXCL. GARAGE)			31,156				

*Question 2 - How would we accommodate a three story building?*

It is our opinion that the additional density created by a four-story building is required to provide a market rate building at the quality levels we are targeting and also achieving a LEED Silver building with underground parking. We have provided a proforma for both a three-story building and a four-story building that document this under question 3 below. Designing a three-story commercial building on this site would necessitate substantially reducing the quality of the building, eliminating the underground parking provided and possibly removing the sustainable features we have proposed. While these moves would decrease the costs of the building, it would also be a negative factor to secure the commitment of the users we have identified that are interested in the product we have proposed. Additionally, introducing another “B” quality building to downtown Golden would not be unique and expose us to the unwanted influence of the existing vacancy in the market. Finally, reducing the building height will increase the shadow line of the adjacent Gateway Station building and minimize the efficiency of our roof top solar panels.

*Question 3 - Proforma*

Below are two separate proforma's, the first for the four story building we have proposed; the second for a similar three story building. As you can see, the rent structure for the three story building adds over \$3/SF to the Yr 1 lease rate and may not be viable.

<b>Project Summary – 4 story</b>		
<i>Description of Costs</i>	<i>Costs</i>	<i>Cost/SF</i>
Land Area (SF)	9,396	
Land Cost (\$/BSF)	\$ 3.00	
FAR	3.43	
Retail (SF)	8,432	
Commercial	23,818	
Total SF of Buildings	32,250	
Land Cost	\$ 96,750	\$ 3.00
Design Costs	\$ 310,000	\$ 9.61
Construction Costs	\$ 4,982,977	\$ 154.51
Other Soft Costs	\$ 125,000	\$ 3.88
Legal	\$ 75,000	\$ 2.33
Management	\$ 350,000	\$ 10.85
Financing	\$ 370,014	\$ 11.47
Contingency	\$ 250,000	\$ 7.75
Core & Shell Finish	\$ 50,000	\$ 1.55
Core & Shell Costs	\$ 6,609,741	\$ 204.95
	<b>Leasing</b>	
<i>Description of Costs</i>	<i>Costs</i>	<i>Cost/SF</i>
Retail	\$ 1,728,165	\$ 204.95
Brokerage Fees	\$ 41,256	\$ 4.89
Interior Finish	\$ 37,505	\$ 4.45
Total Retail Costs	\$ 1,806,926	\$ 214.29
Leasing Constant	10.00%	
<b>Yr 1 NNN Rate</b>	<b>\$ 21.43</b>	
Commercial	\$ 4,881,575	\$ 204.95
Brokerage Fees	\$ 114,816	\$ 4.82
Interior Finish	\$ 382,720	\$ 16.07
Total Commercial Costs	\$ 5,379,111	\$ 225.84
Leasing Constant	9.00%	
<b>Yr 1 NNN Rate</b>	<b>\$ 20.33</b>	

<b>Project Summary – Three Story</b>		
<i>Description of Costs</i>	<i>Costs</i>	<i>Cost/SF</i>
Land Area (SF)	9,396	
Land Cost (\$/BSF)	\$ 3.00	
FAR	2.66	
Retail (SF)	8,432	
Commercial	16,580	
Total SF of Buildings	25,012	
Land Cost	\$ 75,036	\$ 3.00
Design Costs	\$ 265,000	\$ 10.59
Construction Costs	\$ 4,480,351	\$ 179.13
Other Soft Costs	\$ 115,000	\$ 4.60
Legal	\$ 65,000	\$ 2.60
Management	\$ 300,000	\$ 11.99
Financing	\$ 318,641	\$ 12.74
Contingency	\$ 225,000	\$ 9.00
Core & Shell Finish	\$ 40,000	\$ 1.60
Core & Shell Costs	\$ 5,884,028	\$ 235.25
	Leasing	
<i>Description of Costs</i>	<i>Costs</i>	<i>Cost/SF</i>
Retail	\$ 1,983,613	\$ 235.25
Brokerage Fees	\$ 41,256	\$ 4.89
Interior Finish	\$ 37,505	\$ 4.45
Total Retail Costs	\$ 2,062,373	\$ 244.59
Leasing Constant	10.00%	
<b>Yr 1 NNN Rate</b>	<b>\$ 24.46</b>	
Commercial	\$ 3,900,415	\$ 235.25
Brokerage Fees	\$ 114,816	\$ 6.92
Interior Finish	\$ 382,720	\$ 23.08
Total Commercial Costs	\$ 4,397,951	\$ 265.26
Leasing Constant	9.00%	
<b>Yr 1 NNN Rate</b>	<b>\$ 23.87</b>	

*Question 4 - Elaborate on your proposed purchase price and financing.*

We have arbitrarily placed a value on the land of \$3/buildable SF in an attempt to provide GURA some revenue for the land but not unduly burden the project and further increase the required lease rates. Ideally we would like to keep the Year 1 NNN rents as close to \$20/SF as possible while also limiting our all in costs to \$225/SF for the commercial product.

*Question 5 - Describe your timeline for major events/milestones.*

Assuming we are selected to proceed with the development of Lot 2 by the end of the year, we would propose the following timeline.

- 60 days to negotiate a Purchase and Sale Agreement.
- 12 months to market the site.
- If at the end of 12 months we are not in a position to close, Courageux could purchase an extension to the contract.
- At the end of the contractual period, Courageux would provide a non-refundable deposit to GURA and begin the approval process with the city estimated to take no longer than 6 months.
- Upon receipt of all approvals, Courageux would close on the land and begin construction.

*Question 6 - Describe your marketing plan.*

A detailed marketing plan was included in our proposal and we will have our broker at the Nov 10<sup>th</sup> presentation to answer any questions. In short, we envision the development of Golden's first true Class A, LEED certified office building that will compete with existing and planned developments in Denver West. We believe there is a niche market for this product in downtown Golden that is not currently being satisfied by the existing adjacent properties.

We have discussed preliminary terms with certain tenants but these negotiations are confidential.

Our team looks forward to being able to present our vision, design and capabilities to your Board and answer any additional questions at that time.

Sincerely,

Norman A. Stucker  
Courageux Development