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November 8, 2006

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

Subject: GURA Garage and Gateway Station

Dear Mark,

As you have seen on the site, we are well underway with the shoring and excavation for Gateway Station and the site utility relocations. We are expecting to receive the final Gateway Station building permit by 11/10/06 and will start the footings and foundations during the week of 11/20/06. Our pre-sales continue to be strong and we currently have eighteen of Gateway Station's thirty-five units under contract including two penthouses. We deposited 100% of our investor equity with LaSalle Bank on 9/13/06.

We are in the process of completing the final activities and documentation required to open our construction loan with LaSalle Bank. As you may recall, the \$1,000,000 (\$1M) of Authority Financing is required to be received by LaSalle Bank prior to opening the construction loan. Our goal is to have the construction loan open by 12/6/06.

This letter is to request approval by the GURA Board of the \$1M portion of the Authority Financing as outlined in Section 4.03 of the RDA. The attached Exhibit C to the RDA formalizes the final development costs on Gateway Station as well as outlines the \$1M of Eligible Expenses.

So that we can complete the opening of the construction loan, NexCore would like the \$1M of Authority Financing deposited with LaSalle Bank within three business days after completion of the following: 1) GURA receives a letter from LaSalle Bank confirming it has received all necessary funding and requirements to open the loan with the exception of the \$1M Authority Financing, and is prepared to open the construction loan; 2) The Commencement of Construction occurs on Gateway Station with the forming of the first footing. Due to the reduced GURA Board Meetings during the holidays, we would like to ask that the Board authorize the \$1M Authority Financing at the November 13<sup>th</sup> Board Meeting so the funds can be released upon your confirmation that Items #1 and #2 above have occurred. We estimate that Items #1 and #2 will be complete by 11/24/06.

We have also attached Amendment #8 to the RDA for the Board's approval that updates the start and completion dates for the Gateway Station (Phase 1A) and GURA Garage (Phase 1B) projects, as well as a few of the other outstanding activities in the RDA. We have extended the completion date of Phase 1A until 1/1/08 and extended the completion date of the Phase 1B until 6/8/07. These revised dates are due in large part to delays in the start and completion dates of the utility relocations, but we are working diligently to overcome these delays wherever possible.

We have reviewed GURA's letter dated October 26, 2006 regarding the Board's position on the cost of the secondary feeds. We respect the Board's position but are still not in agreement with GURA's assessment that this cost should be paid entirely from NexCore's development contingency. The reasoning behind our position on this issue outlined in our letter of October 17, 2006 has not changed. Instead of reiterating our position yet again; we would prefer to work with the Board towards an amicable resolution of this issue.

In that effort, we would propose that GURA, NexCore and our Contractor agree to split the final actual cost of the secondary relocation equally between the three parties. This sharing of cost would be with the understanding that GURA's portion of the costs would not exceed \$15,000. Our current estimate for the secondary relocation costs is \$42,465 which when divided by three means that each of the party would be responsible to pay \$14,155. If the actual final cost was less than \$42,465 then of course each party would have less cost exposure. We believe that this compromise is fair to GURA, NexCore and our Contractor, and insures that our equal shares are based on the actual direct cost it takes to complete this Work. We would like the GURA Board to consider this proposal so that we can resolve this issue together.

Please feel free to contact us if you have any questions regarding this letter.

Sincerely,



John Lasell  
Vice President  
Development & Construction

Encl.

Cc: John Rossini  
Tim Schlichting  
File

**EXHIBIT C**

**Approved Budget - Updated 11/8/06  
Schedule 1 - Phase 1A Costs**

	Eligible Expenditures	Other Costs	Total Costs
<b>TOTAL LAND COSTS</b>	<b>\$0</b>	<b>\$1,944,167</b>	<b>\$1,944,167</b>
<b>HARD COSTS:</b>			
Optional Underground Parking Beneath Alleyway	\$0	\$0	\$0
Core & Shell Costs	\$1,052,737	\$8,415,750	\$10,549,249
Testing Fees	\$2,400	\$21,600	\$24,000
Commercial Tenant Finish Allowance	\$0	\$734,094	\$734,094
Residential Unit Upgrade Incentive Allowance	\$0	(\$50,000)	(\$50,000)
Permits & City Filing Fees	\$6,288	\$56,593	\$62,881
Utility Tap Fees	\$26,900	\$242,705	\$269,605
Building FF&E (Lobby FF&E, etc.)	\$0	\$20,000	\$20,000
Utility Tap Fee Credit	(\$12,300)	(\$111,676)	(\$123,976)
Environmental Abatement	\$125,000	\$0	\$125,000
Builder's Risk Insurance	\$0	\$0	\$0
Parks & School Dedication Fee	\$4,000	\$0	\$4,000
CGL Insurance Premium			\$451,911
CGI Insurance Inspections			\$17,500
Construction Contingency	\$10,000	\$90,000	\$100,000
<b>TOTAL HARD COSTS</b>	<b>\$1,215,025</b>	<b>\$9,419,066</b>	<b>\$12,184,264</b>
<b>DESIGN &amp; ENGINEERING COSTS</b>			
Architectural & Engineering - Core & Shell	\$53,500	\$481,600	\$535,100
Preconstruction Fees	\$0	\$0	\$0
Civil Engineering	\$4,598	\$41,388	\$45,986
PUD Site Plan, Design & Entitlement	\$4,900	\$44,100	\$49,000
Architectural Reimbursables	\$5,500	\$49,500	\$55,000
Consultants (sound, water penetration, odors)	\$0	\$52,460	\$52,460
Soils Report	\$1,246	\$11,218	\$12,464
Design Contingency	\$1,394	\$12,548	\$13,942
Architects Residential Insurance Fee	\$0	\$10,500	\$10,500
<b>TOTAL DESIGN &amp; ENGINEERING</b>	<b>\$71,138</b>	<b>\$703,314</b>	<b>\$774,452</b>
<b>CONSTRUCTION PERIOD COSTS:</b>			
Construction Loan Points	\$9,353	\$84,182	\$93,535
GCF Loan Interest	\$0	\$18,229	\$18,229
Construction Lender Site Inspection Fees	\$1,225	\$11,025	\$12,250
Appraisal Fees	\$1,866	\$16,803	\$18,669
Construction Lender's Legal Review	\$4,000	\$36,000	\$40,000
Construction Loan Title Insurance	\$2,002	\$18,019	\$20,021
Recording Fees & Miscellaneous Closing Costs	\$120	\$1,080	\$1,200
Unimproved Land ALTA Survey	\$776	\$6,987	\$7,763
Phase I & Phase II Environmental / NAD Application	\$3,150	\$28,350	\$31,500
Final Survey	\$154	\$15,246	\$15,400
Construction Period Interest	\$52,232	\$470,097	\$522,329
Carry Costs Through Stabilization	\$0	\$119,694	\$119,694
Real Estate Taxes During Construction	\$0	\$50,089	\$50,089
<b>TOTAL CONSTRUCTION PERIOD &amp; FINANCING COSTS</b>	<b>\$74,878</b>	<b>\$875,801</b>	<b>\$950,679</b>
<b>DEVELOPMENT COSTS:</b>			
Legal Fees - Ownership & GURA Development Agmt	\$0	\$77,670	\$77,670
Development Services Fees	\$0	\$356,323	\$356,323
Leasing Commissions	\$0	\$172,799	\$172,799
Legal Fees - Commercial Leases / Condo Sales / Condo Decs	\$0	\$38,127	\$38,127
Legal Fees - Land, Title Review, DDA, Loan closing, Easement, etc	\$50,000	\$184,268	\$234,268
Development Overhead & Third Party Costs	\$53,448	\$481,037	\$534,485
Market Study	\$0	\$13,623	\$13,623
Marketing	\$0	\$181,250	\$181,250
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$103,448</b>	<b>\$1,505,097</b>	<b>\$1,608,545</b>
Development Contingency Costs	\$0	\$354,064	\$354,064
<b>TOTAL COSTS</b>	<b>\$1,464,489</b>	<b>\$14,801,510</b>	<b>\$17,816,171</b>

EXHIBIT C

Approved Budget - Updated 11/8/06  
Schedule 2 - Phase 1A Eligible Expenditure Core & Shell Costs

	Core & Shell Costs
1) Building demolition	\$86,016
2) 1st floor public restrooms	\$71,790
3) Public pass-thru corridor from public parking garage to Washington with public restroom access	\$237,976
4) Public hardscape work (pavers, new decorative concrete, curb and gutter)	\$32,547
5) Site furnishings (bike racks and trash receptacles / enclosures)	\$2,800
6) Public landscape work (trees, tree grates, irrigation)	\$2,550
7) Street and pedestrian lighting for public ROW	\$10,118
8) Fire sprinkler systems complete (includes fire pump and standpipe risers for fire dept)	\$196,727
9) Fire Alarm and life safety system complete (includes generator, panel, detectors, alarms, horns, etc.)	\$106,520
10) Public access security systems	\$14,204
11) 2 stop elevator for public and ADA access to 2nd level	\$44,890
12) Emergency lighting	\$5,000
13) Alleyway improvements (incl. alley sidewalk and re-surfacing alley)	\$21,028
14) Public access protection during construction	\$41,889
15) Labor/equipment associated with salvage of Linder Bldg façade. (brick, window headers and sills)	\$23,576
16) Linder façade reconstruction	\$29,950
17) Design and premium cost associated with matching header/sill details	\$10,000
18) Sewer and utility relocation	\$99,418
19) Asbestos/Lead paint Surveys (Kumar & Associates)	\$6,878
20) Site Fire Protection	\$4,900
21) Arched window openings on façade	\$3,960
22) Awnings	\$0
<b>TOTAL</b>	<b>\$1,052,737</b>

EXHIBIT D – AMENDMENT 8

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November 8, 2006

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Schedule of Performance

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Event

Performance to be on or Before the Listed Date or Time

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General Items

- 1. The Parties approve the Approved Budget and Eligible Expenditures for Phases 1A and 1B (Completed) 2/1/06
- 2. Authority enters into City Contract, the Banks Contract, and GDGID Contract (Completed) 12/21/05
- 3. Authority obtains the Authority Financing for Phases 1A and 1B (Completed) 12/21/05
- 4. Authority obtains title to all property to be transferred by the City to the Authority (Completed) 4/28/06

Phase 1A

- 1. Developer obtains Developer Financing for Phase 1A (Completed) 2/9/06
- 2. Developer assigns 708 Parcel contract to Authority and acquires title to 1219 Parcel and 1299 Parcel (Completed) 2/14/06
- 3. Developer obtains Authority Approval of Developer Financing for Phase 1A (Completed) 2/7/06
- 4. Developer obtains City approval of Alleyway transfers (Completed) 5/11/06
- 5. Developer submits Phase 1A Schematic Documents (except for utility plans) to Authority and City (Completed) 12/12/05
- 6. Developer submits Phase 1A utility plans to Authority and City (Completed) 6/12/06
- 7. Developer obtains Authority Approval of Phase 1A Schematic Documents (except utility plans) (Completed) 12/21/05

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<u>Event</u>	<u>Performance to be on or Before the Listed Date or Time</u>	Formatted Table
8. Developer obtains Authority and City Approval of Phase 1A utility plans (Completed)	6/29/06	
9.. Developer satisfies all conditions precedent for issuance of a building permit for Phase 1A	11/10/06	Deleted: 9/1/06
10. Developer Commences Construction of Phase 1A	11/20/06	Deleted: 9/4/06
11. Developer gives notice to Authority of number of parking spaces to be purchased for Phase 1A.	Prior to Completion of Phase 1A	
12. Developer Completes Construction of Phase 1A	1/1/08	Deleted: 11/2/07

**Phase 1B**

1. Authority approves title to and Phase I analysis of 708 Parcel (Completed)	12/21/05	
2. Authority obtains review of VCUP by CDPHE (Completed)	12/21/05	
3. Authority obtains Financing for construction of Phase 1B (Completed)	12/21/05	
4. Developer submits Fixed Price Contract for the construction of the Parking Structure Improvements to the Authority (Completed)	12/01/05	
5. Developer obtains Authority Approval of Fixed Price Contract for construction of Phase 1B (Completed)	2/1/06	
6. Authority acquires title to 708 Parcel (Completed)	2/14/06	
7. Authority acquires title to City Parcel, GDGID Parcel, and Banks Parcel (Completed)	04/28/06	
8. Authority undertakes VCUP (Completed)	2/24/06	
9. Authority and Developer complete replatting and Authority creates the Parking Structure Parcel and the Phase 2 Parcel	11/10/06	Deleted: 7/31/06
10. Developer submits Phase 1B utility plan and drawings to Authority (Completed)	6/12/06	Deleted: X:\Current Developments\Washington Square\GURA\EXHIBIT D Amendment 7 62706.doc

Event	Performance to be on or Before the Listed Date or Time	Formatted Table
11. Developer obtains Approval of Phase 1B utility plans and drawings by Authority and City (Completed)	6/29/06	
12. Developer submits Phase 1B Construction Documents to Authority and City (Completed)	6/19/06	
13. Developer submits Parking Condominium Documents to Authority	<del>12/1/06</del>	Deleted: 7/14/06
14. Developer obtains Authority and City Approval of Phase 1B Construction Documents (Completed)	<del>10/6/06</del>	Deleted: 8/11/06
15. Developer obtains Authority Approval of Parking Condominium Documents	<del>2/1/07</del>	Deleted: 8/18/06
16. Authority secures No Further Action Determination for VCUP	12/31/09	Formatted: Not Highlight
17. Developer satisfies all conditions precedent for issuance of a building permit for Phase 1B (Completed)	<del>10/6/06</del>	Deleted: 9/1/06
18. Developer Commences Construction of Phase 1B	<del>12/08/06</del>	Deleted: 9/21/06
19. Developer Completes Construction of Phase 1B	<del>6/8/07</del>	Deleted: 05/15/07

**Phase 2**

1. Authority obtains No Action Determination for Phase 2 Parcel	8/9/06	
2. Developer notifies Authority of satisfaction or waiver of Conditions and election to proceed with Phase 2	01/01/08	
3. Authority gives notice to Developer of funds it will accept for Phase 2 parking so that the Authority retains its tax-exempt loan status.	#2 + 30 days	
4. Developer approves titles to Phase 2 Parcel	#2 + 60 days	
5. Developer gives Authority notice of number of parking spaces or credits to be purchased for Phase 2	#3 + 30 days	
6. Developer obtains Developer Financing for Phase 2	#2 + 180 days	Deleted: X:\Current Developments\Washington Square\GURA\EXHIBIT D Amendment 7 62706.doc

Event

Performance to  
be on or Before  
the Listed Date  
or Time

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7. Developer obtains Authority Approval of developer Financing for Phase 2
8. Developer submits Phase 2 Construction Documents to Authority
9. Developer obtains Authority Approval of Phase 2 Construction Documents
10. Developer pays purchase price and Authority delivers title to Phase 2 Parcel
11. Developer satisfies all conditions precedent for issuance of a building permit for Phase 2
12. Developer Commences Construction of Phase 2
13. Developer Completes Construction of Phase 2 and purchases parking spaces.

#6 + 30 days

#2 + 180 days

#8 + 30 days

#9 + 30 days

#10 + 120 days

#11 + 30 days

#12 + 390 days

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