



VIA FACSIMILE – 352-334-3119

March 15, 2007

City of Gainesville
PO Box 490
Gainesville, FL 32602-0490
Attn: Russ Blackburn, City Manager

Dear Russ:

I trust all is well with you; our downtown project continues to move in the right direction. You may have noticed that our sales offices are nearly complete; we are working towards a soft opening at the end of March. Interest in our product type continues to be strong, we are hoping for a brisk sales season to the public beginning in April. I will be up in Gainesville at the end of the month and would enjoy spending a few minutes with you to personally bring you up to speed on the project.

The purpose of this letter is twofold. First, we would like to make formal request to the City to provide for extension of the option period in the Option Agreement that we hold with the City (currently set to expire in June). Secondly, we would like to modify our current Development Agreement to provide for protections should real estate tax laws change as a result of legislative tinkering in Tallahassee (we realize this is something to be undertaken directly with the CRA, which we are in the process of doing, but wanted to alert you about it, since approval from the Commissioners will likely be required).

Pursuant to Section 5 of the Option Contract from the City to the CRA (which has been subsequently assigned to us by the CRA on September 13, 2006), the current option period expires on June 17, 2007, two-years from the date the option was fully executed by both parties.

In light of the current statewide housing slowdown and on account of various design changes that we've implemented for value engineering and LEEDs certification, we have extended our design/development timeline slightly. A copy of our current timeline is attached herewith. A site visit would evidence that our sales trailer is being readied and while we expect brisk sales, we feel it is in all of our mutual interests to provide for sufficient time for us to sell our project in due course without undue time pressure and financial pressure of purchasing and carrying the property. A one-year extension to the current option period would provide us with enough 'runway' to successfully sell and deliver our project in this "tougher" housing market. Respectfully, and assuming it is ok with you, we ask that you move this request to the City Commission for consideration at the next available hearing date. At your request, I am happy

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to personally present myself assuming I don't have other obligations that would prohibit me from doing so.

Secondly, with respect to the real estate tax issue, shortly we will send to the CRA (and will copy you) a draft amendment to our current Development Agreement and request that you direct staff to review and provide comment to us on it. The amendment will have a couple of "clean-up" issues we've now realized need to be adjusted, but most importantly will deal with the very real prospect of having the real estate tax laws changed and the effect such a change would have on our TIF monies (which is where almost all of the profit on this deal is coming from). So, in advance of the formal amendment, I wanted to send you the proposed language on this issue so you can begin talking through it with your staff and the commission members. I can tell you that it will be virtually impossible for us to move forward on this project without some kind of protection on this issue, given the very high likelihood that such changes will be implemented in the near future and given that our equity and debt providers have already expressed their need for this protection if they are to move forward with us.

We enjoy working with you and the City and look forward to completing our exciting Downtown project as quickly and as efficiently as possible.

Best personal regards,



Barney Danzansky, President
GG Development Associates, LLC.

cc. Marion Radson, Esquire – via facsimile 352-334-2229
City of Gainesville
PO Box 1110
Gainesville, FL 32602-1110

Anthony Lyons, Director – via facsimile 352-334-2132
Gainesville CRA
PO Box 1110
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Charles Hauck, Esquire – via facsimile 352-334-2229
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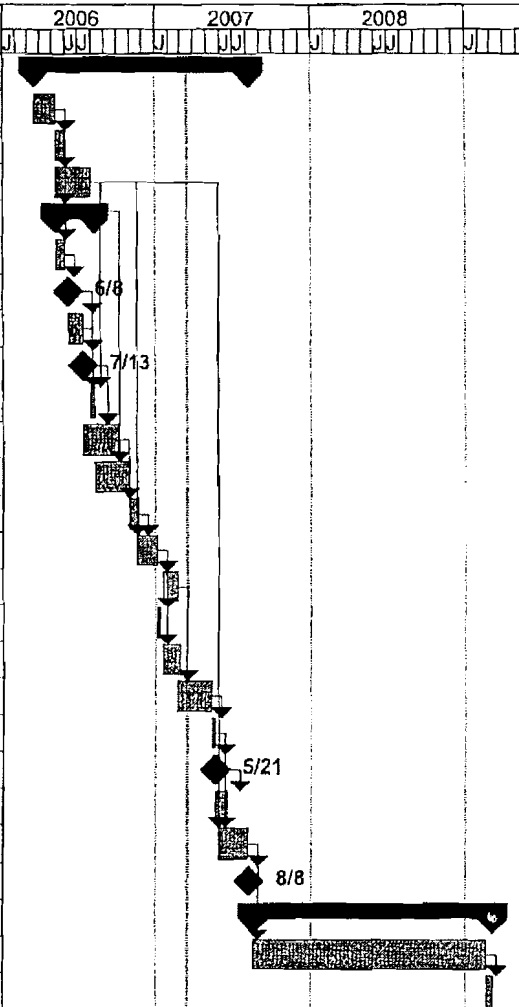
DRAFT LANGUAGE

March 15, 2007

Gainesville Greens

E. Legislation-Related Adjustment. In the event that the amount of Tax Increment Revenue that would have otherwise been received by the CRA during the period the obligation set forth in Section 5A remains in effect is limited, reduced or otherwise adversely affected by means of any legislation, ordinance, rule, regulation or other governmental or quasi-governmental action, whether adopted by the Florida Legislature, through an amendment to the Florida Constitution, action taken by Alachua County, Florida, the City or otherwise ("Legislative Action"), then the CRA agrees that (x) until such time as Developer is made whole in what it otherwise would have received in each Fiscal Year pursuant to Section 5A absent the imposition of such Legislative Action, the Tax Increment Recapture shall be immediately increased to 100% of the Tax Increment Revenue or such lesser percentage as necessary to restore the Developer to what it otherwise would have received absent the imposition of such Legislative Action, subject to the maximum set forth in Section 5A, and (y) to the extent such increased Tax Increment Recapture is insufficient at the end of the Recapture Period to pay to the Developer the entirety of what it would have received under Section 5A absent such Legislative Action, the Recapture Period shall be extended until such time as the Developer recovers the entirety of what it would have received under Section 5A absent such Legislative Action. For purposes of this paragraph, a Legislative Action shall include, without limitation, any action: (i) mandating a reduction in ad valorem taxes; (ii) expanding the property or value of property eligible for exemption from ad valorem taxation; (iii) limiting the growth in revenues received by Alachua County or the City, or (iv) otherwise legislatively limiting ad valorem tax revenue and thereby reducing Tax Increment Revenue.

ID	Task Name	Duration	Start	Finish	Predecessors	2006	2007	2008
1	DESIGN AND APPROVALS PHASE	363 days	Mon 3/20/06	Wed 8/8/07		[Timeline bars for 2006-2008]		
2	Schematic Design (10% Design)	37 days	Mon 3/20/06	Tue 5/9/06		[Task bar]		
3	Budget Confirmation Estimate (10% Design)	16 days	Wed 5/10/06	Wed 5/31/06	2	[Task bar]		
4	Water Management District Review	60 days	Wed 5/10/06	Tue 8/1/06	2	[Task bar]		
5	DRB Approval Process	67 days	Wed 5/10/06	Thu 8/10/06	2	[Task bar]		
6	Developer Submission & Initial Review	16 days	Wed 5/10/06	Wed 5/31/06	2	[Task bar]		
7	DRB Hearing	0 days	Thu 6/8/06	Thu 6/8/06	6FS+6 days	[Milestone diamond]		
8	Developer Resubmission for Approval Purposes	25 days	Fri 6/9/06	Thu 7/13/06	7	[Task bar]		
9	DRB Hearing	0 days	Thu 7/13/06	Thu 7/13/06	8	[Milestone diamond]		
10	Site Plan Approval	7 days	Wed 8/2/06	Thu 8/10/06	4,7	[Task bar]		
11	Design Development Doc's (30% Design)	60 days	Fri 7/14/06	Thu 10/5/06	9	[Task bar]		
12	Condo Doc's Preparation	60 days	Fri 8/11/06	Thu 11/2/06	5	[Task bar]		
13	Budget Confirmation Estimate (30% Design)	15 days	Thu 11/2/06	Wed 11/22/06	11FS+19 days	[Task bar]		
14	50% Construction Doc's (50% Design)	34 days	Mon 11/20/06	Thu 1/4/07	13FS-3 days,4	[Task bar]		
15	50% Plans Reviewed by 3rd Party Consultant	25 days	Fri 1/19/07	Thu 2/22/07	14FS+10 days	[Task bar]		
16	Owner Review 50% CD's (50% Design)	5 days	Fri 1/5/07	Thu 1/11/07	14	[Task bar]		
17	Budget Confirmation Estimate (50% Design)	30 days	Fri 1/19/07	Thu 3/1/07	14FS+10 days	[Task bar]		
18	90% Construction Doc's (90% Design)	56 days	Fri 2/23/07	Fri 5/11/07	15	[Task bar]		
19	Owner Review 90% CD's (90% Design)	6 days	Mon 5/14/07	Mon 5/21/07	18	[Task bar]		
20	Issue GMP Documents (GMP Design)	0 days	Mon 5/21/07	Mon 5/21/07	19	[Milestone diamond]		
21	Budget Confirmation and GMP Review	20 days	Tue 5/22/07	Mon 6/18/07	20	[Task bar]		
22	90% Plans Submitted to the City for Permitting	50 days	Tue 5/29/07	Mon 8/6/07	19FS+5 days,4	[Task bar]		
23	95% Construction Doc's (Permitted Set)	0 days	Wed 8/8/07	Wed 8/8/07	22FS+2 days	[Milestone diamond]		
24	CONSTRUCTION PHASE	402 days	Tue 8/21/07	Wed 3/4/09		[Task bar]		
25	Building Construction	392 days	Tue 8/21/07	Wed 2/18/09	22FS+10 days	[Task bar]		
26	100% Construction Doc's (As Built)	10 days	Thu 2/19/09	Wed 3/4/09	25	[Task bar]		



EARLIEST CLOSING TIME, PENDING SALES.

PROJECT COMPLETION + SALES/CLOSINGS TO BUYERS

Project: Gainesville Greens Design and Date: Thu 3/15/07

Task	[Task bar]	Milestone	[Milestone diamond]	External Tasks	[External Task bar]
Split	[Split bar]	Summary	[Summary bar]	External Milestone	[External Milestone diamond]
Progress	[Progress bar]	Project Summary	[Project Summary bar]	Deadline	[Deadline arrow]