



April 28, 2008

Mr. Anthony Lyons, CRA Director
City of Gainesville, FL
East University Avenue
Gainesville, FL 32601

Dear Anthony:

As local representative for Gainesville Greens, I am pleased to report that the Gainesville Greens Project continues to move forward; even though the project may appear to be dormant. I assure you that the developer has not been resting...or for that matter, even sleeping, knowing that he is currently unable to commence construction on the development as required by his various agreements with the City.

Since the last CRA update, there has been significant activity and positive motion with regard to the Project's design and permitting. The Project's architectural, structural and MEP plans have been through the building department and have received first-round comments. Currently, the drawings are being reviewed for fire and life safety concerns. Once those comments are generated, the developer intends to make plan revisions as needed and re-submit the full sets for approval and building permit issuance.

The Project's environmental consultant at Water & Air, Jerry Steinberg, has been preparing information requested by Gus Olmos at ACEPD for his review. As soon as this information has been finalized and submitted to Gus, the developer will be ready to return to the DRC for a final meeting to obtain approval of the site plan. As you may recall, the only DRC issue remaining is the impact of the foundation system on the contaminated portion of the site. When the site plan receives its final approvals, it will be delivered to the Building Division and mated with the Architectural and Engineering plan sets to form the complete construction documents for the Project.

The Project's marketing efforts have continued unabated and at additional cost, albeit unsuccessfully. These efforts included a beautiful on-site sales and model trailer, grand opening event, on-going marketing, advertising and follow-up, and more recently, "grass roots" efforts through a local broker in Gainesville. I don't need to tell you the status of the real estate market, specifically condos. Accordingly, through these efforts, the developer has come to a point of clearly understanding what he can and can't accomplish and deliver.

We feel that the cost of travel to and from work, directly relating to the elevated cost of fuel, will play an integral factor in future consideration by occupants. Gainesville Greens is ideally positioned to capitalize on this imminent behavioral change. The developer has determined that he can build the building with the same look and feel as was presented and approved by the CRA and can continue to house the mix of uses that was initially proposed. The developer can accommodate LEED and affordable components as required by the City. The developer can

sell or lease the commercial space on the two lower floors to first class merchants and restaurants. **What the developer can't do today is to create a market for individual condominium units in Gainesville that simply does not exist. The developer has further recognized that in order to proceed, the Project needs to be built before it eventually gets sold. The sole way to accomplish this is to build Gainesville Greens as a rental Project; designed in such a manner that the project may, at the developer's option, be converted to a condominium should the market improve.**

I write to you today on behalf of the developer asking for you to agree to allow him to construct as proposed, with the façade currently approved by the CRA, a mixed-use building with commercial space on the first two (2) floors and rental housing on the remaining levels. In light of the residential market and the lack of debt and equity financing, the developer respectfully requests more time to accomplish his goal of bringing a new, urban experience to revitalize downtown. To date, the developer and his investor group have spent more than two and a half million dollars towards this effort. It is anticipated that when the market returns, having an existing development where residents can move in immediately (rather than what has proven to be an impossible sale of promising someone a condo ready for occupancy 2 years down the road) will result in a successful project. At such time as a change in the market occurs, the developer, if he so elects, can convert the Greens project into a condominium, thereby achieving the ultimate goal of bringing "stake-holders" into downtown Gainesville.

Issues that the developer wishes to address with the CRA are:

1. Amending certain timelines to, among other issues raised in this letter, allow for final resolution over the legality of the contemplated TIF Payment stream. The recent Florida Supreme Court case of Dr. Gregory Strand v. Escambia County, Florida et al and its related cases, City of Parker and City of Parker CRA v State, and Panama City Beach Development Agency v. State have called into question the validity of the TIF payment under the developer's agreement. It is the developer's understanding that these cases have been reheard and a new clarified opinion will be issued at some point in the near future. Given the critical nature of the previously negotiated TIF payment to the success of this project, the developer and its lender will require the current timing deadlines to be extended in order to allow for the final decision to be rendered and for our attorneys to review and advise on how that decision impacts our rights under the development agreement, if at all.

Description of Current Deadline	Current Deadline	Proposed Deadline
Deadline to exercise option (closing is then 60 days after exercise)	June 17, 2008	December 16, 2009
Deadline to commence construction per development agreement	September 13, 2008	December 18, 2009
Deadline to complete construction per development agreement	September 1, 2010	December 16, 2011

2. Adoption of language within the Development Agreement allowing the residential component of the Project to be for rent, not requiring condominium documents be recorded delineating units individually.
3. Permitting the 10 required "for sale" affordable units to be rent controlled at Fair Market Rents as defined by the Housing Division of the City of Gainesville.
4. Modifications to the reverter provision in Exhibit "I" to the Purchase and Sale Agreement and to the Parking Agreement between the City and GG Development which will likely be required by the construction lender.
5. Approval of the CRA to alter the unit mix and total # of units, at the developer's option:

Unit Type	Currently Approved	Proposed	% change
1 Bedroom	29	17	- 41%
2 Bedroom	103	33	- 70%
3 Bedroom	12	80	+ 68%
Totals	142	130	- 8½%
Gross SF	243,109 SF	273,658 SF	+ 12.5%

The developer is ready to come to Gainesville and review this proposal with each City Commissioner, then to attend a formal CRA Meeting to memorialize any agreement revisions as would be required. Your comments on our proposals will be appreciated in advance of those meetings.

Thank you for your kind attention to this matter.

Sincerely,



John Hudson