



EDWARD D. PARE, JR., ESQ.
direct dial: (401) 276-2639
epare@brownrudnick.com

121
South Main
Street
Providence
Rhode Island
02903
tel 401.276.2600
fax 401.276.2601

November 15, 2005

VIA CERTIFIED AND FIRST CLASS MAIL

Rhode Island Economic Development Corporation
One West Exchange Street
Providence, RI 02903
Attn: Michael McMahon
Executive Director/CEO

RE: Limited Recourse Guaranty of the Rhode Island Economic Development Corporation Dated December 1, 1999 – Notice of Default

Dear Mr. McMahon:

NOTICE OF DEFAULT

We represent the Employees' Retirement System of Rhode Island ("ERS"), acting by and through the State Investment Commission. Pursuant to that certain Limited Recourse Guaranty of the Rhode Island Economic Development Corporation dated December 1, 1999 (the "Guaranty"), ERS hereby formally notifies you of a default in the payment of the Obligations referenced herein by Gateway Eight Limited Partnership ("Gateway").

Effective as of November 7, 2005, Gateway Holdings, LLC ("Holdings") has been designated by ERS to take ownership of the property located at One American Express Plaza, 99 Park Row, Providence, Rhode Island (the "Property") securing the Obligations, pursuant to the confirmation of the "First Modified Amended Plan of Reorganization for Gateway Eight Limited Partnership Proposed by the Employees' Retirement System of Rhode Island Acting by and through the State Investment Commission" (the "Plan") on September 27, 2005, In Re: Gateway Eight Limited Partnership Chapter 11 Case No. 04-19692 (WCH) and the Decree Under 11 U.S.C. 1129(a) and (b) Confirming the Plan dated August 24, 2005 filed with United States Bankruptcy Court, District of Massachusetts, Case No. 04-19692 (WCH) on September 27, 2005. Please note that pursuant to Section 4.1 of the Plan, confirmation of the Plan constituted ERS's resort to and foreclosure of the ERS Collateral (as defined in the Plan) which includes the Property securing the Obligations, as defined in the Guaranty.

Please be advised that pursuant to the Plan, ERS entered a credit bid of \$17,900,000 on September 27, 2005 and as designee of ERS, Holdings has obtained title to the Property.

B
R
O
W
N
R
U
D
N
I
C
K
B
E
R
L
A
C
K
I
S
R
A
E
L
S
L
L
P



The breakdown of the outstanding loan balance as of November 30, 2004 is as follows (excluding subsequently accruing interest, fees, costs and property expenses):

Promissory Note "A" Principal Balance	\$ 16,918,333.53
Interest Accrual on Promissory Note "A" through 11/30/04	91,640.97
Promissory Note "B" Principal Balance	5,000,000.00
Accrued Interest on Promissory Note "B" as of 11/30/04	<u>27,083.33</u>
Total Amount Due ERS (excluding interest accruing subsequent to 11/30/04, fees, costs and property expenses)	\$ 22,037,057.83
Remaining Balance of Cash Collateral Account as of November 7, 2005 (applied to Promissory Note "A")	(535,675.08)
Amount of Credit Bid for Property by ERS (applied first to Promissory Note "A" and the balance to Promissory Note "B")	<u>(17,900,000.00)</u>
Deficiency Balance Remaining and Due to ERS	<u>\$ 3,601,382.75</u>

As calculated above, pursuant to the credit bid of \$17,900,000 entered by ERS, a deficiency balance of \$3,601,382.75 currently exists. In accordance with Section 6 of the Guaranty and subject to the limitation provided in Section 4 of the Guaranty, ERS hereby demands immediate payment of \$3,000,000 from the Rhode Island Economic Development Corporation pursuant to the Guaranty.

Nothing herein shall be deemed to limit, restrict or constitute a waiver of any of ERS's rights and remedies under the Guaranty, applicable law or otherwise, all of such rights and remedies being hereby expressly reserved.

Very truly yours,

BROWN RUDNICK BERLACK ISRAELS LLP



Edward D. Pare, Jr., Esq.

Cc: George Carvalho, ERS
Joan Caine, ERS ✓
Andy LeStage, Great Point Investors LLC
William R. Baldiga, Esq.
Kevin L. Nulton, Esq.
Brian J. Spero, Esq.