

January 19, 2010

City of Billings
Downtown Billings Partnership
c/o Brent Brooks
Billings City Attorney
PO Box 1178
Billings, Montana 59103

Ladies and Gentlemen:

Hello and Happy New Year.

The purpose of this letter is twofold. First we need to request an extension of the completion date for Phase 1 of the Development Agreement for the Babcock project. Second we want to confirm and document our intention to continue proceeding with Phases 2 and 3.

Why an extension is required

- The Condominium Agreement has been completed but only recently delivered to City for their review. It is unlikely or impossible that this review, re-review, etc. will be complete by the required date of February 1, 2010.
- Of the construction items required for Phase 1 all are complete or essentially complete except for the storefront replacement and related cast stone columns. These will not be complete by February 1, 2010. This is due in part to the weather and in part to the need for financing which is contingent upon having the condominium agreement discussed above.

We would request that the Development Agreement be modified to change the required completion date for Phase 1 from February 1, 2010 to February 1, 2011. That said we intend to complete the condominium agreement as soon as possible. We will complete the storefront this spring and summer as weather and financing permits.

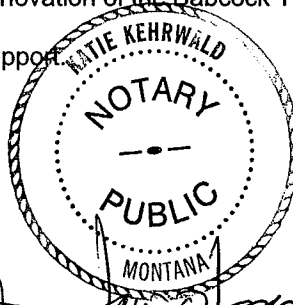
Letter of Commitment

- Section 3.6 of the Development Agreement provides that, prior to February 1, 2010, The Babcock, LLC should provide a letter of commitment to proceeding with Phases 2 & 3 or request a one year extension. The Babcock, LLC waives the need for this one year extension. The Babcock, LLC absolutely and without qualification commits to completing both Phases 2 and 3 of the Development Agreement. Required Member Guaranty is attached. It should be noted that many Phase 2 and 3 components are complete and / or underway. An assessment of project completion status is attached.

In summary we request an extension to the completion date for Phase 1 as outlined above. Additionally this letter is intended to serve as the required written commitment to proceeding with the completion of Phases 2 & 3 of the renovation of the Babcock Theatre Building.

Thank you for your consideration and support

Sincerely The Babcock, LLC



Katie Groeples
Notary Public, State of Montana
Katie Groeples
residing at Billings, MT
My Commission expires 7/19/2010

Kay Foster
Kay Foster

Mike Mathew
Mike Mathew

Kim Olsen
Kim Olsen AIA

Don Olsen
Don Olsen AIA

BABCOCK THEATRE BUILDING RESTORATION

PHASE PROGRESS ITEMIZATION

PHASE 1

1A	REROOF / INSULATION	COMPLETE
1B	FAÇADE	BRICK COMPLETE STOREFRONT / CAST STONE BY SUMMER
1C	RESTORE STAGE	COMPLETE
1D	RETAIL PREP	COMPLETE
1E	HVAC GENERAL	COMPLETE
	HVAC RETAIL	READY FOR TENANT BUILD OUT
	HVAC THEATRE	COMPLETE
1F	MAIN PLUMBING	COMPLETE
1G	RETAIL ELECTRICAL	READY FOR TENANT BUILD OUT
1H	ENVIRONMETAL REMEDIATION	COMPLETE

PHASE 2

2A	MISCELLANEOUS CODE	80% COMPLETE
2B	SECOND FLOOR UPGRADE	75% COMPLETE
2C	RETAIL FIRE SPRINKLERS	IN DESIGN FOR COMPLETION MARCH
2D	LOBBY / RESTROOMS	50% COMPLETE

PHASE 3

3A	EXISTING THEATRE RESTROOMS	COMPLETE
3B	THEATRE ELECTRICAL	COMPLETE
3C	THEATRE CEILING	IN DESIGN
3D	THEATRE FIRE SPRINKLERS	99% COMPLETE