EXHIBIT 1
PROJECT DESCRIPTION

The Project is to be located on approximately 0.37 acres at 221 N. Wilcox St. in downtown Castle Rock. The site is bordered by Third St. to the north, N. Wilcox St. to the east, an alleyway and the five-story, mixed-use Riverwalk North building to the south, and the four-story, mixed-use, Mercantile Commons building to the west. Across Third St. is a two-story Douglas County office building, while across N. Wilcox St. are two one-story commercial buildings. The property is currently operating as a temporary free public parking lot.

The Project is a five-story mixed-use building, 63 ft. in height. The ground floor of the building will consist of approximately 5,249 sq. ft. of retail space and 3,302 sq. ft. of restaurant space, which is expected to house a corner restaurant and a bakery. The second floor of the building will consist of approximately 12,131 sq. ft. gross leasable area of office space. These commercial uses will have 27 parking spaces provided across the alleyway to the south in the Riverwalk North parking garage. The third, fourth and fifth floors of the building will consist of 28 for-rent multi-family residential units. A total of 28 parking spaces for the residential units will be provided by an underground garage. A request for the fifth floor, which is an additional floor over the four stories typically allowed in the Downtown Core District, has been granted by the Design Review Board.

The proposed building incorporates a flat roof design with a stepped-back fifth floor. The predominant material used on the N. Wilcox St. and Third St. elevations is brick, with concrete band and metal panel accents mixed in. Stucco is used for the south and west interior elevations and the fifth floor. Metal balconies are hung in various location on all four elevations. At the pedestrian level, the proposed building meets or exceeds the Town's transparency requirements with windows at least 8.5 ft. in height along N. Wilcox St. and Third St. The use of bronze metal panels running vertically from the second to the top of the fourth floor on each side of the building creates visual prominence of the buildings corner at N. Wilcox St. and Third St.

An 8-foot sidewalk will be continued along N. Wilcox St. alongside the east side of the building to the corner of N. Wilcox St. and Third St. From that corner the sidewalk will run along the north side of the building west at a width of 13 ft. until it transitions to meet the existing width of the sidewalk near the northwest corner of the building. Four on-street parking spaces along Third St. will be removed to accommodate the wider sidewalk near the corner of N. Wilcox St. and Third St. Two new on-street parking spaces will be added where the existing curb-cut to the property is located and where the sidewalk narrows. A total of 4 street trees, 30 shrubs, and 9 perennials are being provided for the streetscape along Third St. A variance from the minimum requirement of 6 street trees has been granted by the Design Review Board.

EXHIBIT 2
FINANCIAL ANALYSIS OF THE PROJECT

(See attached)

Development Research Partners

Date: May 19, 2022

From: Jesse Silverstein, Real Estate Economics Director, Development Research Partners

Andy Arnold, AICP, Short Elliott Hendrickson, Inc.

To: Kevin Tilson, Director, Castle Rock Downtown Alliance

Development Proforma Review for the Confluence Companies' project at 221 Wilcox Street, Castle Rock, CO

Development Research Partners, Inc. (DRP) and Short Elliot Hendrickson, Inc. (SEH) has been engaged by the Castle Rock Downtown Alliance to review the development budgets and forecast operating proforma for The Confluence Companies' development project. Project information, budgets, and proformas were provided by the site owner/developer, Confluence Companies.

This development review is intended to provide a third-party, objective evaluation of market assumptions and development and operating proformas to inform public investment decision-making. This memorandum summarizes DRP and SEH's review and findings.

SCOPE OF REVIEW

To benchmark the proposed project to the market, DRP reviewed and provided independent research regarding the following assumptions:

- Independent verification for market assumptions presented in the development proposal
- Construction costs estimates verification
- Financial gap analysis
- Market verification on commercial mortgage loan rates and terms
- Comparison with market rate investment criteria and yield indicators
- Prepare a briefing regarding research, analysis, and recommendations; and
- Potential impacts from current economic uncertainty.

METHODOLOGY

Developers provided drawings and renderings of the finished project along with several sets of development and operating proformas. The reviewer relied upon the most recent set of proformas dated May 6th, 2022 for this analysis. The reviewers conducted independent research into market conditions and development costs to establish a market baseline for evaluating the projected project operations. The developers made themselves readily available to discuss project concepts, market positioning, costs, revenues, and other assumptions underlying their projections. Potential financial gaps are estimated by the reviewers through independent rate of return analysis targeting market-based investment expectations.

PROJECT BASIS

- The 221 Wilcox project is assumed by the Reviewer to be a stand-alone mixed-use project, not related to other nearby projects that may or may not be owned and operated by related entities.
- The completed redevelopment project is proposed to include 28 rental apartment units (mix of 1-, 2-, and 3-bedroom), and 19,008 square feet of commercial space.
- The developer, Confluence Companies, has purchased the vacant lot addressed 221 Wilcox St. for development of a mixed-use multi-family residential project.
- The site was purchased as a vacant parcel.
- The property has utilities on site.
- The proposed development will be a mixed-use, Class A building on the .37-acre lot, a rectangular shaped parcel situated on the northeast quadrant of Block 23, at the southwest corner of Third Street and Wilcox Street in Castle Rock.
- As currently entitled the subject parcel is subject to drainage requirements considered over and above what other similar parcels may incur.
- Parking requirements and the relatively small site size necessitates providing on-site parking and off-site parking spaces for future residents, tenants and patrons. It is the Reviewer's understanding that residential on-site parking will be provided via a sub-grade parking garage. Off-site spaces are required for the commercial space and will be purchased from the Encore projects. The cost of acquiring off-site parking is considered by the Reviewer to be a stand-alone cost of the 221 Wilcox project.

CURRENT ECONOMIC ENVIRONMENT

Overall, today's real estate market is considered good for investors, but unpredictable given the economic headwinds being presented by inflation, interest rate, and global supply chain and political issues. Macro-economic uncertainty is the biggest risk factor to real estate development and investment today.

Interest rate hikes and tighter lending standards are a primary concern in multifamily markets. The Federal Reserve is planning three interest rates increases during 2022, which will in turn raise the commercial real estate mortgage rates and slow demand for for-sale housing. On the up side, the Fed's rate increases have already started slowing the economy and should continue to reduce inflationary pressures. Recent inflation indicators illustrate the propensity for inflation to eventually moderate, with some market observers projecting that inflation may have peaked in the second quarter 2022.

The number of new building permits issued for multi-family property is projected to slow due to higher lending rates, particularly in highly leveraged projects. It is expected the market will see up to a 20% decrease in permits in Metro Denver through 2022. However, there is notable already-permitted construction underway. Construction of already permitted units will remain high by historic standards as housing supply catches up with demand. As new supply opens in 2022, the vacancy rate should drift upwards to the 5 percent range and rental rate increases should moderate to slightly above historic patterns.

Supply chain issues are highlighted by the rising cost of building materials. According to the *Mortenson Cost Index* "*construction costs have increased 2.3% nationally and 3.2% in Denver for the first quarter of 2022. Currently, the fastest rising prices are for lumber, steel, conduit, and plywood. Many economists believe that inflationary pressures and supply chain shortages will begin to moderate towards the end of 2022.*" The U.S. economy is currently running at a torrid pace and many market watchers believe that inflation and interest rates will slow towards a long-term equilibrium rate.

Multi-family investors are less concerned with economic conditions as low-home ownership and affordability usually imply high demand for rental units. Rental rate increases are likely to moderate as average annual apartment rents in metro Denver rose 14.4% year-over-year first quarter 2022, higher than the 9.1% gain in overall consumer inflation measured in March, according to a survey from the University of Denver and the Apartment Association of Metro Denver. Rental rate increases should also fall to long-term growth trends as supply chain and inflation issues resolve over the near-term. Assuming global conflicts resolve themselves in a favorable way, global supply impacts from the Covid Pandemic are expected to resolve themselves as the pandemic resolves.

To account for current economic conditions over a 10-year proforma, the Reviewers have estimated growth in rental rates and operating expenses to be 10% in year one, 6% in year two, and 3% years three through 10.

PROJECT ASSUMPTIONS

The Reviewers have evaluated this proposed development from the perspective of an open market. This analysis assumes that all units, both residential and commercial, are designed to be rented and leased. The developer has indicated that the commercial space may be sold. However, this analysis is not intended to evaluate this property from the developer's position, but from the perspective of the open market pursuing the greatest returns on investment. We believe that the open market would lease this space due to its propensity to generate a higher net-operating-income (NOI). Therefore, the proposed development is assumed to lease its commercial space at rates consistent with their quality and market.

The following chart compares the as-proposed development proforma assumptions with DRP's market-derived assumptions.

Assumptions:	As-Proposed	Market-Estimate[1]	Comments
Mix			The Reviewers assume residential units are rentals and commercial space is leased. The Reviewers assume commercial space will be leased to maximize NOI.
Residential Units	28	-	
Commercial Retail	9,008 sf	-	
Commercial Office	10,000 sf	-	
Apartment Rental Rates/month	Weighted Average rent for each unit type per proforma	Estimates based on a survey of market reports and local rent comp analysis	The developer's projected rents are generally at the higher end of the market spectrum. The proposed units tend to be larger than comparable properties. Market trends indicate that rents are expected to increase significantly over the next three years. While estimated at the higher range, the proposed rents are not unreasonable market expectations.
1-Bedroom	$1,950	$1,700 - $2,000	
2-Bedroom	$2,500	$2,050 – $2,450	
3-Bedroom	$3,000	$2,550 – $2,900	

Development Research Partners

Absorption	12-month Absorption	12-month Absorption	The property is estimated to be fully stabilized after 18 months with stabilized occupancy in Year 3.
Stabilized Vacancy	5% Stabilized Vacancy	5% Stabilized Vacancy + 1% credit Loss	Stabilized vacancy assumptions apply proforma year 3
Residential Operating Expenses* Per Unit	$7,153	Market Range: $5,500 - $6,500 Review Assumption: $6,500	Operating expense estimates for the residential units are high compared to other similar properties. The Reviewers applied a lower cost than the developer's proforma.
Growth Rate (Yr 1, Yr 2, Yr 3-10)			An inflationary environment is expected for the next 2-3 years. Project Yr 1 and Yr 2 applied rates account for short term inflation impacts, then settle into a long-term equilibrium rate.
Revenue	3%	10%, 6%, 3%	
Expenses	2%	10%, 6%, 3%	
Commercial Office Leasing Rates (per square foot)	$25.00 psf	$29.00 psf	There is 10,000 square feet of commercial office space proposed to be built. Reviewer's estimate based on a comparison of commercial office space leases and expenses in the market area. Assumes Full-Service leases.
Commercial Office Operating Expenses Per Square Foot	$11.37 psf	$9.00 psf	Operating expenses based on comparable properties.
Io is about 40%, consistent with the market.Commercial Retail Leasing Rates (per-square-foot)	$30.00 psf	$25.00 psf	There is 9,008 square feet of commercial retail space proposed to be built. Assumes NNN leases.
Commercial Retail Operating Expenses Per Square Foot	$11.37 psf	$9.00 psf	Operating expenses based on comparable properties.

Debt			
Loan: Value Ratio	75%	75% - 80%	Financing terms are consistent with the market given lender relationships and project nuances.
Interest Rate	6.0%	6.0%	
Amortization	30 years	20 – 30 years	
Capitalization Rates			Economic and market conditions over the past few have led to the compression of rates of return. There are more investors seeking apartment properties and this competition has led to the reduction in required rates of return.
Stabilized – Apartment	4.5%	3.75%	
Stabilized – Retail	7.5%	7.0%	
Stabilized – Office	7.5%		
Liquidated - Apartment	5.0%	5.0%	The going-in (stabilized) cap rate used in the Review reflect these lowered expectations in the market. Typically, exit cap rates (at asset liquidation) are 75 to 150 basis points higher than going-in rates, which the reviewers used in their independent analysis.
Liquidated – Retail	8.0%	8.0%	
Liquidated – Office	8.0%		
Blended Rates			
Stabilized –	--	4.75%	
Liquidated –	--	5.5%	
Target Yield			
Yield Rate (IRR, unleveraged)	na	6.0% - 8.0%	Market-based target yield rates are used to estimate the financial gap
Return on Cost	na	5.0% - 5.5%	
Development Costs	$26,898,391	$24,500,000	The Reviewer's estimated development cost is based on the project concept as understood by the Reviewer using cost guide approximations. The Developer's estimated development costs are within 9% of the Reviewer's estimate and considered reasonable.

1. Source: RERC; Realtyrates.com; RS Means; Zillow; CBRE; DMCAR; NAR, Commercial Real Estate Finance Co. of America, CommercialLoanDirect.com, Integra Realty Resources, Hoyt Advisory Services; NMHC/NAA; U.S. Census Bureau; RealPage, fixr.com, Statista: Denver, Fannie Mae, EV Studio, ARGUS College, Development Research Partners

ESTIMATED FEASIBILITY GAP

Based on investor surveys and market data reviewed by DRP and SEH, the following target rates are used to proxy investment hurdle rates of return. In other words, it is assumed the cash flow projections must yield rates within the following ranges to be considered attractive to the market. Return On Investment (ROI) estimates are based upon stabilization, the first year of full occupancy and operations, in proforma year 3.

ROI Indicator	Description	Market Target
Return-on-Cost	Net Operating Income before debt service as % of equity	5.0% to 5.5%
Internal Rate of Return (IRR, unleveraged)	Annual revenue and asset sale over 10 years as return on development costs	6.0% to 8.0%

The following sensitivity analysis illustrates the application of total GAP funding against construction cost during the first year of construction.

ROI Indicator	Market Target	GAP Funding Year 1		
Estimated Gap		**$5,500,000**	**$6,000,000**	**$6,500,000**
Return-on-Cost	5.0% to 5.5%	4.9%	5.0%	5.1%
Internal Rate of Return (IRR)	6.0% to 8.0%	5.9%	6.2%	6.6%

The development project as proposed indicates a **financial gap ranging from $5.5 to $6.5 million.** The sensitivity analysis reveals that the project will begin to achieve market target rates for "return-on-cost" and unlevered IRR with $6.0 million in gap financing.

GAP FUNDING ANALYSIS

The proposed development has unique challenges that were considered in this analysis. This section will provide an explanation of these challenges and how they were considered by the analysis when estimating potential funding gaps.

Rental Rates and Expenses

The development has an average asking rent that is at or exceeds rental ranges of similar properties throughout the market area. However, the development's asking rents are validated. A market study was performed as part of this analysis that found similar properties with similar asking rents exhibiting extremely low vacancy rates. Rental forecasts also indicate that asking rents are projected to increase over the next three years throughout the market area, bringing the range more in line with the developer's asking rent. The proposed rental units are also of a higher finish and larger square footage than comparable properties, which also indicates that they can command a rent rate at the upper end of the market spectrum. The project's location to Riverwalk is also a contributing factor to its higher asking rents.

The developer's pro forma indicated an estimated expense per apartment unit that was significantly higher than the market comparables. The developer indicated that expenses per unit, including taxes, amounted to $7,153. After reviewing the expenses per unit in comparable properties, including Riverwalk, the Reviewer determined that a more reasonable expense per unit equates to $6,500. This results in a operating expense ratio of about 40%, typical of multi-family properties.

Stormwater Drainage and Retention Systems

The Town of Castlerock required the developer to include stormwater drainage and retention improvements to the area as part of their development costs. This requirement forced the development to design its underground parking to allow space for a drainage system to be installed. The costs of these stormwater system improvements were included in this analysis and contributed to the funding gap. However, to meet City parking requirements, the developer also faces an additional cost to purchase offsite parking, $1,140,480, is also explicitly included.

Site Preparation

The site of this proposed development is currently vacant, but that is the direct result of the developer purchasing and readying the site for the development. The estimated costs to purchase the parcel, demolish the existing building, and prepare the site for the proposed development is $2,400,000. This cost was then adjusted by the Reviewer by the land's current market value to determine the premium the developer paid to prepare the site for new development. The premium was the net difference the developer incurred to ready the site for development, or $1,916,000. These costs were included in the gap funding analysis.

Commercial Condominiums and Development Risk

A unique part of this development as proposed is the sale of its commercial condominiums. The developer indicated that it intends to sell the 19,008 square feet of commercial space as three commercial condominiums. The reviewers concluded that leasing this commercial space would provide a greater net operating income to the property and considered this as leased space in their review.

Development Risk

Project proformas are projections and always carry market and other risks impacting costs, operations, and return on investment. In reviewing this project the following risks are summarized amongst other potential risks:

- Rental rate projections may be higher than can be realized;
- Potential Rent Concessions as a deduction to asking rents may become more common in the market;
- Public participation by the Town of Castle Rock and its Downtown Development Authority may be limited; and
- Current economic uncertainty as previously described.

IN SUMMARY

221 Wilcox's is well located at the center of Castle Rock's downtown and in a housing market that has seen growth and vitality. The project is designed to provide a unique property focusing on premium renters that will add residential density to the downtown area and increase supply within the Town's mixed-use market.

The estimated cost of this development is validated by this analysis and in line with market norms. The asking rents are at the upper end of the market spectrum but are validated by a strong rental market and low vacancy rates within the area. Market trends indicate that asking rents are projected to increase rapidly over the next two years, bringing the development's asking rents more in line with the market average.

The development has unique costs associated with stormwater improvements, offsite parking requirements, and commercial space. These additional risks increase the need for fiscal assistance on the part of the DDA if it supports this project as proposed.

The fact that Riverwalk, Encore, and other pioneering housing projects within the area have been largely successful, indicates that there is significant demand for this type of mixed-use development. The pioneering developments that have come before 221 Wilcox have, in effect, created a market that is likely to favor the development as proposed and absorb its residential units quickly.

In conclusion, it is the reviewer's opinion that a feasibility gap does exist for the development as proposed, in the range of:

$5,500,000 to $6,500,000

Scenario:

Project 221 Wilcox As Proposed, analyzed with market assumptions

PROJECT SUMMARY

Property Summary	
No. Units	28 +Office+Retail
Rentable SF	50,992
Total Development Cost	$26,898,391
Development Cost per Gross Square Foot	$458
Construction Equity	$6,724,598
ConstructionDebt	$20,173,793

Construction Loan Summary	
Loan : Cost Ratio	75%
Contruction Loan Term (mos)	36
Construction Interest Rate	5.00%
Construction Loan Amount	$20,173,793
Construct Loan Per RSF	$395.63

Perm Loan Summary	
Perm Loan : Value Ratio	75%
Perm Loan Amount	$16,578,602
Perm Loan Ammortization (yrs)	30
Perm Interest Rate	6.00%
Perm Loan Yearly Payment	$1,192,765
Perm Term	10
Perm Loan Balance	$13,873,923
Loan Fees/Closing Costs	2.0%

Proforma	
Year Stabilized	3
Stabilized NOI	$1,049,978
Stabilized Cap Rate	4.75%
Stabilized Proforma Value	$22,104,803
Stabilized Value Per RSF	$433
Value upon Completion	$7,049,970
Reversion Cap Rate	5.49%
Growth Rate	3.00%

GAP FUNDING - applied to contruction equity $6,000,000

Feasibility Indicators (10 yr hold)		Market Target Rate
Cost/Value*	106.3%	
Return on Cost*	5.0%	5.0% to 5.5%
IRR on Project (unleveraged)	6.2%	6.0% to 8.0%

*Stabilized Year

OPERATING PROFORMA

Proforma Year		CONSTRUCT	1	2	3	4	5	6	7	8	9	10
Investment												
Construction Equity		(6,724,598)										
Construction Debt		(20,173,793)										
Construction Cost		**(26,898,391)**										
Operating Income												
Net Income from Property Operations		$0	$334,874	$958,222	$1,049,978	$1,115,038	$1,143,863	$1,160,062	$1,218,432	$1,249,930	$1,267,631	$1,331,414
GAP Funding		*$6,000,000*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
NOI		**$6,000,000**	**$334,874**	**$958,222**	**$1,049,978**	**$1,115,038**	**$1,143,863**	**$1,160,062**	**$1,218,432**	**$1,249,930**	**$1,267,631**	**$1,331,414**
(less) Construction Loan Interest Payment			($1,008,690)	($1,008,690)								
(less) Perm Loan Payments			($1,192,765)	($1,192,765)	($1,192,765)	($1,192,765)	($1,192,765)	($1,192,765)	($1,192,765)	($1,192,765)	($1,192,765)	($1,192,765)
Operating Cash Flow		**$6,000,000**	**($1,866,581)**	**($1,243,232)**	**($142,787)**	**($77,727)**	**($48,902)**	**($32,703)**	**$25,667**	**$57,165**	**$74,866**	**$138,649**
Refinance/Gross Reversion Proceeds												$24,875,487
(less) Closing Costs	2.00%											($497,510)
(less) Loan Balance												($13,873,923)
Net Refi/Reversion Proceeds												**$10,504,054**
Unleveraged Cash Flow (NET OF CONST GAP FUNDING)		**($20,898,391)**	**$334,874**	**$958,222**	**$1,049,978**	**$1,115,038**	**$1,143,863**	**$1,160,062**	**$1,218,432**	**$1,249,930**	**$1,267,631**	**$25,709,391**
Leveraged Cash Flow (NET OF CONST GAP FUNDING)		**($724,598)**	**($1,866,581)**	**($1,243,232)**	**($142,787)**	**($77,727)**	**($48,902)**	**($32,703)**	**$25,667**	**$57,165**	**$74,866**	**$10,642,702**
Rates of Return Analysis												
IRR on Project (unleveraged)		6.24%										
IRR on Equity (leveraged)		11.68%										
Return on Cost			1.24%	3.56%	5.02%	4.15%	4.25%	4.31%	4.53%	4.65%	4.71%	4.95%

NOI Projections

COMMERCIAL RETAIL SPACE			RESIDENTIAL SPACE		COMMERCIAL OFFICE SPACE		
Rentable Square Feet	9,008		Units	28	Rentable Square Feet	10,000	
Current Market Rent	$25.00	NNN	Current Market Rent/mo	$2,050	Current Market Rent	$29.00	Gross
Operating/Mgmt/CAM Expenses	$9.00		Expenses/Unit	$6,500	Operating/Mgmt/CAM Expenses	$9.00	
Growth Rate	3.00%		Growth Rate	3.00%	Growth Rate	3.00%	
Avg Lease Terms (yrs)	3		Vacancy	5.00%	Avg Lease Terms (yrs)	3	
Market Rent Escalations	each lease rollover		Economic Loss (vacancy, credit)	1.00%	Market Rent Escalations	each lease rollover	
Vacancy	5.00%		Planned Replacements/Unit	$500	Stabilized Vacancy	5.00%	
Economic Loss (vacancy, credit)	1.00%		Other Income (% Rental Income)	10.00%	Economic Loss (vacancy, credit)	1.00%	

YEAR		**Construction**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Commercial Space - Retail		**Year <1**										
Op Expenses/CAM psf		($9.00)	($9.90)	($10.49)	($10.81)	($11.13)	($11.47)	($11.81)	($12.17)	($12.53)	($12.91)	($13.29)
Market Rent	*SF*	$25.00	$27.50	$29.15	$30.02	$30.93	$31.85	$32.81	$33.79	$34.81	$35.85	$36.93
75%	*6,756*	*$0*	*$185,790*	*$185,790*	*$185,790*	*$208,931*	*$208,931*	*$208,931*	*$228,304*	*$228,304*	*$228,304*	*$249,474*
25%	*2,252*	*$0*	*$61,930*	*$65,646*	*$65,646*	*$65,646*	*$71,733*	*$71,733*	*$71,733*	*$78,385*	*$78,385*	*$78,385*
na		*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
Potential Gross Rental Revenue		$0	$247,720	$251,436	$251,436	$274,577	$280,664	$280,664	$300,037	$306,689	$306,689	$327,859
Occupancy			**50.0%**	**90.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**
Effective Gross Revenue			**$123,860**	**$226,292**	**$238,864**	**$260,848**	**$266,631**	**$266,631**	**$285,035**	**$291,354**	**$291,354**	**$311,466**
Less: Vacancy, credit Risk, leasing	1%	0%	($1,239)	($2,263)	($2,389)	($2,608)	($2,666)	($2,666)	($2,850)	($2,914)	($2,914)	($3,115)
Less: Operating Expenses		$0	($89,179)	($94,530)	($97,366)	($100,287)	($103,295)	($106,394)	($109,586)	($112,874)	($116,260)	($119,748)
Plus: Expense Reimbursements		$0	$44,590	$85,077	$92,498	$95,272	$98,131	$101,075	$104,107	$107,230	$110,447	$113,760
NOI		**$0**	**$78,032**	**$214,576**	**$231,607**	**$253,225**	**$258,800**	**$258,645**	**$276,706**	**$282,797**	**$282,628**	**$302,364**
Commercial Space - Office												
Op Expenses/SF		$9.00	$9.90	$10.49	$10.81	$11.13	$11.47	$11.81	$12.17	$12.53	$12.91	$13.29
Market Rent	*SF*	$29.00	$31.90	$33.81	$34.83	$35.87	$36.95	$38.06	$39.20	$40.38	$41.59	$42.83
75%	*7,500*	*$0*	*$239,250*	*$239,250*	*$239,250*	*$269,050*	*$269,050*	*$269,050*	*$293,998*	*$293,998*	*$293,998*	*$321,259*
25%	*2,500*	*$0*	*$79,750*	*$84,535*	*$84,535*	*$84,535*	*$92,374*	*$92,374*	*$92,374*	*$100,939*	*$100,939*	*$100,939*
na		*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
Potential Gross Rental Revenue		$0	$319,000	$323,785	$323,785	$353,585	$361,423	$361,423	$386,371	$394,937	$394,937	$422,198
Occupancy			**50.0%**	**90.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**
Effective Gross Revenue			**$159,500**	**$291,407**	**$307,596**	**$335,905**	**$343,352**	**$343,352**	**$367,053**	**$375,190**	**$375,190**	**$401,089**
Less: Vacancy, credit Risk, leasing	1%	0%	($1,595)	($2,914)	($3,076)	($3,359)	($3,434)	($3,434)	($3,671)	($3,752)	($3,752)	($4,011)
Less: Operating Expenses		$0	($99,000)	($104,940)	($108,088)	($111,331)	($114,671)	($118,111)	($121,654)	($125,304)	($129,063)	($132,935)
NOI		**$0**	**$58,905**	**$183,552**	**$196,432**	**$221,215**	**$225,248**	**$221,808**	**$241,728**	**$246,134**	**$242,375**	**$264,143**
Residential Units												
Expenses/Unit		$6,500	$7,150	$7,579	$7,806	$8,041	$8,282	$8,530	$8,786	$9,050	$9,321	$9,601
Market Rent/month		$2,050	$2,255	$2,390	$2,462	$2,536	$2,612	$2,690	$2,771	$2,854	$2,940	$3,028
Other Income/mo		10.0%	$226	$239	$246	$254	$261	$269	$277	$285	$294	$303
Replacement Reserves		$500	$515	$530	$546	$563	$580	$597	$615	$633	$652	$672
Potential Gross Rental Revenue		0	$833,448	$883,455	$909,959	$937,257	$965,375	$994,336	$1,024,166	$1,054,891	$1,086,538	$1,119,134
Occupancy		0	**50.0%**	**90.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**	**95.0%**
Effective Gross Revenue		**0**	**$416,724**	**$795,109**	**$864,461**	**$890,394**	**$917,106**	**$944,619**	**$972,958**	**$1,002,147**	**$1,032,211**	**$1,063,177**
Less: Vacancy, credit Risk, leasing	1%	0	($4,167)	($7,951)	($8,645)	($8,904)	($9,171)	($9,446)	($9,730)	($10,021)	($10,322)	($10,632)
Less: Operating Expenses		0	($200,200)	($212,212)	($218,578)	($225,136)	($231,890)	($238,846)	($246,012)	($253,392)	($260,994)	($268,824)
Less: Planned Replacements		0	($14,420)	($14,853)	($15,298)	($15,757)	($16,230)	($16,717)	($17,218)	($17,735)	($18,267)	($18,815)
NOI		0	$197,937	$560,094	$621,939	$640,598	$659,816	$679,610	$699,998	$720,998	$742,628	$764,907
RESIDENTIAL + COMMERCIAL												
Commercial NOI - Office		0	$58,905	$183,552	$196,432	$221,215	$225,248	$221,808	$241,728	$246,134	$242,375	$264,143
Commercial NOI - Retail		0	$78,032	$214,576	$231,607	$253,225	$258,800	$258,645	$276,706	$282,797	$282,628	$302,364
Residential NOI		0	$197,937	$560,094	$621,939	$640,598	$659,816	$679,610	$699,998	$720,998	$742,628	$764,907
TOTAL NOI		**0**	**$334,874**	**$958,222**	**$1,049,978**	**$1,115,038**	**$1,143,863**	**$1,160,062**	**$1,218,432**	**$1,249,930**	**$1,267,631**	**$1,331,414**

EXHIBIT 3
ESTIMATED PROJECT FEES

(See attached)

VALUATION BUILDING:	$ 11,875,000.00
BUILDING SQFT	16,125
# MF UNITS	28
RETAIL SQFT	8,353
COMMERCIAL SQFT	11,257
TAP SIZE	2"
IRRIGATION	PROVIDED 5/8 AND 3/4"
CONSTRUCTION PERMIT VALUE	

BUILDING PERMIT

FEE CATEGORY	**2" TAP 2022 FEES**
BUILDING PERMIT FEE	$ 45,302.50
PLAN CHECK FEE	$ 29,446.63
ADMIN COST RECOVERY	$ 8,096.29
FIRE DEPARTMENT PLAN REVIEW	$ 703.13
USE TAX (CR)	$ 237,500.00
USE TAX (DOUGCO)	$ 118,750.00
MF PARKS AND RECREATION IMPACT	$ 147,560.00
MF MUNI FAC IMPACT	$ 7,756.00
MF FIRE IMPACT	$ 22,904.00
MF POLICE IMPACT	$ 11,872.00
MF TRANSPORT IMPACT	$ 223,524.00
RETAIL MUNI FAC IMPACT	$ 484.47
RETAIL FIRE IMPACT	$ 1,946.25
RETAIL POLICE IMPACT	$ 1,010.71
RETAIL TRANSPORT IMPACT	$ 17,441.06
OFFICE MUNI FAC IMPACT	$ 923.07
OFFICE FIRE IMPACT	$ 2,712.94
OFFICE POLICE IMPACT	$ 495.31
OFFICE TRANSPORT IMPACT	$ 21,444.59
STORMWATER SFD (PLUM CREEK MF)	$ 24,164.00
STORMWATER SFD (PLUM CREEK COMMERCIAL)	$ 18,825.60
WATER SYSTEM (PER SFE)	$ 37,846.00
RENEWABLE WATER (PER SFE)	$ 176,042.00
WASTEWATER (PER SFE)	$ 32,646.00
METER SET (SINGLE PORT INDOOR USED)	$ 2,101.44
PUBLIC LAND DEDICATION	$ 83,635.00
TOTAL BY TAP SIZE:	**$ 1,275,132.98**

IRRIGATION PERMIT

	2022	
	5/8" TAP	**3/4" TAP**
IRRIGATION WATER SYSTEM (PER SFE)	$ 3,809.00	$ 5,700.00
IRRIGATION RENEWABLE WATER (PER SFE)	$ 17,683.00	$ 26,458.00
IRRIGATION PERMIT	$ 610.00	$ 610.00
IRRIGATION METER SET (SINGLE PORT OUTDOOR USED)	$ 486.94	$ 486.94

TOTAL:	**$ 22,588.94**	**$ 33,254.94**

CONSTRUCTION PERMIT	
TOTAL COST (FOR PERMIT)	$ 825,000.00
EARTHWORK	$ 650,000.00
VALUATION FOR USE TAX:	$ 175,000.00
CONSTRUCTION PERMIT COST:	$ 3,662.50
CONSTRUCTION PERMIT USE TAX (TOWN):	$ 3,500.00
CONSTRUCTION PERMIT USE TAX (COUNTY):	$ 875.00
TOTAL CONSTRUCTION PERMIT COST:	**$ 8,037.50**

CONSTRUCTION SURETY ESTIMATE (DEPENDING ON HOW POSTED)	
BOND	$ 1,750,000.00
LOC	$ 113,250.00
CASH	$ 113,750.00
TESC SURETY ESTIMATE	
BETWEEN 10-20K	

*SURETIES THAT ARE ESTIMATED,

EXHIBIT 4
LEGAL DESCRIPTION OF THE PROJECT PROPERTY

Lots 1 through 5, Block 23, Town of Castle Rock.

EXHIBIT 5
LOCATION MAP OF THE PROJECT PROPERTY