

**THE VIEW AT CASTLE ROCK
REDEVELOPMENT AND FINANCING AGREEMENT**

DATE: _____, 2021.

PARTIES: **TOWN OF CASTLE ROCK**, a home rule municipal corporation, 100 N. Wilcox Street, Castle Rock, Colorado 80104 (“Town”).

CASTLE ROCK DOWNTOWN DEVELOPMENT AUTHORITY, a downtown development authority duly organized and existing under Part 8 of Article 25, Title 31, C.R.S., 18 South Wilcox Street, Suite 202, Castle Rock, Colorado 80104 (“DDA”).

CASTLE ROCK DEVELOPMENT, LLC, a Colorado limited liability company, 901 New Hampshire Street, Suite 201, Lawrence, KS 66044 (“CRD”).

RECITALS:

A. CRD proposes to redevelop property within downtown Castle Rock (the “Downtown”) into a mixed-use (for-rent residential and commercial space) project as further described in this Agreement and in the attached ***Exhibit 1*** (the “Project”). The Project includes a 399-space parking garage that will provide parking for the Project as well as parking for the general use and convenience of the public (“Parking Garage”).

B. The Project furthers several of the core priorities for Downtown redevelopment outlined in the 2008 Plan of Development for the DDA, including more intensive physical development at an urban scale encompassing employment, retail, restaurants, entertainment, parking and additional options for Downtown residents. In addition, the Town and DDA find that development of additional parking in the Downtown area, as included in the Project, is critical to the continued redevelopment in the Downtown.

C. The Town, DDA and their consultants have reviewed financial projections for the Project and have determined that the Project is not feasible absent financial incentives extended to CRD by this Agreement. This determination is based on the acquisition cost of the Project site, redevelopment costs, the scale of the Parking Garage to accommodate public parking, and the residential, office and retail rents that the Downtown sub-area market can support.

D. The Project will generate additional sales and property taxes. This Agreement provides for an equitable allocation of such incremental revenues in order that the Town may recoup Fee Waiver (defined in Section 2.03) costs, and CRD may obtain a commercially reasonable return on investment in the Project. Such allocation is based on projected revenues in the financial analysis as outlined in ***Exhibit 2***. Development of the Project will likely serve to accelerate other development in the Downtown, which in turn will enhance sales and property tax increment within

the DDA, thereby allowing additional investment by the Town and DDA in other projects within the Downtown.

E. CRD will fund construction of the Parking Garage. Upon completion of the Parking Garage, CRD will convey to the Town one or more condominium units containing a total of 100 parking spaces in the Parking Garage at a location and configuration specified in this Agreement in *Exhibit 3*.

F. The Town and DDA are parties to “Intergovernmental Agreement Concerning the Selection and Funding of Downtown Development and Redevelopment Projects and Programs” dated May 5, 2015 (“DDA IGA”). The Project has been approved by the Town and DDA as an eligible “DDA Project” suitable for support with “DDA Increment” as those terms are defined in the DDA IGA.

THEREFORE, in reliance on the matters set forth above and in consideration of the mutual promises contained in this Agreement, the Parties agree and covenant as follows:

ARTICLE I DEFINITIONS

1.01 Defined Terms. The following words when capitalized in the text shall have the meanings indicated below.

Add-On PIF: the public improvement fee in the amount of 1% on Taxable Transactions, as set forth in the Add-On PIF Covenant, which will be imposed and collected in accordance with the terms of the Add-On PIF Covenant and this Agreement.

Add-On PIF Covenant: a declaration of covenants by CRD imposing and implementing the Add-On PIF within the Property in the form attached as *Exhibit 4*.

Add-On PIF Revenue: the revenue derived from the imposition of the Add-On PIF in accordance with the Add-On PIF Covenant and this Agreement.

Agreement: this The View at Castle Rock Redevelopment and Financing Agreement.

Bond: any note, bond, loan agreement, certificate or other instrument which is payable from revenues of the Town deposited in the Special Fund, and which evidences a loan made to the Town, but excluding a Contractual Obligation.

Certificate of Occupancy: the documentation issued by the Town certifying a building’s compliance with applicable building codes and other laws, indicating such building is in a condition suitable for occupancy. A Certificate of Occupancy may be a temporary or permanent Certificate of Occupancy.

Code: the Castle Rock Municipal Code, as from time to time amended.

Contractual Obligation: any agreement, including this Agreement, entered into by the Town which obligates the Town to pay monies deposited in the Special Fund, but excluding a Bond. This Agreement creates a Contractual Obligation.

CRD: Castle Rock Development, LLC, and any single entity to which all of Castle Rock Development, LLC's then existing rights and obligations under this Agreement are assigned. At no time shall more than one entity be subject to the rights and obligations as CRD under this Agreement.

CRD Parking Units: One or more Parking Units that collectively contain 300 parking spaces within the Parking Garage in accordance with 3.01.

DC Use Tax: the tax imposed and collected by Douglas County, Colorado on construction and building materials at the rate of 1%.

Declaration: the "Condominium Declaration for The View at Castle Rock Condominium" which will establish the Parking Garage as a common interest community under the Colorado Common Interest Ownership Act ("CCIOA") and in conformance with this Agreement.

DDA IGA: the Intergovernmental Agreement Concerning the Selection and Funding of Downtown Development and Redevelopment Projects and Programs between the Town and DDA dated May 5, 2015.

Force Majeure Event: any one or more of the following events or circumstances that, alone or in combination, directly or indirectly adversely affects the Project and the ability of a Party to perform its obligations under this Agreement: fire, earthquake, storm or other casualty; strikes, lockouts, or other labor interruptions; war, rebellion, riots, acts of terrorism, or other civil unrest; acts of God or of any government (except that, as to any obligation of the Town, any acts of the Town itself shall not be considered Force Majeure Events); disruption to local, national or international transport services; shortages of materials, epidemics, pandemic, or changes in general economic or other conditions affecting the Project, or any other event beyond the Parties' reasonable control.

Franchise Agreement: the agreement between the Town and Intermountain Rural Electric Association ("IREA") granting IREA the right to locate and maintain infrastructure within public rights-of-way as approved by Town Ordinance No. 2010-39 and amended by Ordinance No. 2017-008.

Franchise Credits: the right of the Town to fund the relocation of infrastructure owned and maintained by the IREA using certain "credits" which accrue to the Town under Section 4 of the Franchise Agreement.

Material Deviation: a modification to the Project consisting of any of the following: (i) reduction or increase in the number of building floors or a reduction or increase of more

than 10% of the number of Residential Units (so long as the rentable square footage of all Residential Units is approximately 182,028 square feet, (ii) reduction in the floor area of commercial space by 10% or more, (iii) elimination of Project Elements, or (iv) a modification to the SDP which under the Town Regulations requires Town Council approval.

Net DDA Property Tax Revenue: the total annual *ad valorem* property tax increment received by the Town with respect to property included within the 2008 Plan of Development for the DDA pursuant to §31-25-807(3)(a)(II), C.R.S. in a calendar year, less that portion of such funds which must be paid out or held in reserve within such calendar year to meet the requirements of any Bond under the terms of the applicable debt instrument(s) constituting the Bond.

Parking Garage: the 3-level parking structure within the Project containing 399 parking spaces and related access improvements, public utilities and essential appurtenances.

Parking Unit: a condominium air space unit in the Parking Garage that contains one or more parking spaces together with associated common elements as provided in the Declaration.

Party or Parties: one or all of the parties to this Agreement.

PIF Collection Agent: the Town, which will collect, account for, and disburse the Add-on PIF Revenue in accordance with the Add-on PIF Covenant and this Agreement.

PIF Collection Agreement: means an agreement providing for the collection and remittance of the Add-on PIF Revenue, between CRD and the PIF Collection Agent.

Project: The View at Castle Rock, a mixed-use development which upon completion will include approximately 221 Residential Units, approximately 19,500 square feet of commercial space (consisting of retail and/or office space), parking for 399 vehicles within the Parking Garage and street parking for 33 vehicles. Key Project elements and Project features are described in the attached *Exhibit 1*.

Project Elements: the description of the Project elements listed in *Exhibit 1*.

Project Fees: those certain development impact and system development fees imposed on the Project under the Town Regulations. All Project Fees are identified and estimated on the attached *Exhibit 5*.

Project Property or Property: the real property owned by CRD as described in the attached *Exhibit 7*, which the Project will be constructed upon. The location of the Project Property is shown on *Exhibit 6*.

Project Property Tax: the *per annum ad valorem* real property tax assessed to the Property (inclusive of the improvements constituting the Project), by all taxing authorities as adjusted for any protest, appeal, rebate or other adjustment under law.

Project Property Tax Revenue: the Project Property Tax paid into the Special Fund pursuant to statute in any Tax Collection Year.

Project Sales Tax Revenue: the Town Sales Tax collected by the Town in any calendar year on Taxable Transactions attributable to Retailers operating within the Project or on the Property.

Residential Units: the for-rent residential units within the Project.

Retailers: businesses selling goods and services to the general public that are subject to the Town's Sales Tax.

SDP: the site development plan for the Property as approved by the Town and Design Review Board pursuant to the Town Regulations.

Special Fund: the special fund held by the Town established and maintained pursuant to C.R.S. §31-25-807(3)(a)(II).

Taxable Transactions: the sale or provision of goods or services within the Project that are subject to the Town Sales Tax, as amended from time to time.

Tax Certification Year: the year in which taxing authorities certify to Douglas County a property tax mill levy for collection in the following year.

Tax Collection Year: the year in which property taxes are due and payable as a result of a mill levy certification by a taxing authorities in the Tax Certification Year.

Town Parking Units: One or more Parking Units that collectively contain 100 parking spaces within the Parking Garage as provided in 3.01.

Town Regulations: the Town Charter, ordinances, resolutions, rules and regulations of the Town, including the Code, and other provisions of all zoning, subdivision and building codes, as the same may be amended from time to time.

Town Sales Tax: the tax at the rate of 4% on Taxable Transactions imposed under the Code.

Town Use Tax: the tax imposed and collected by the Town on construction and building materials at the rate of 4%. The Town Use Tax does not encompass the DC Use Tax.

Certain other terms are defined in the text of the Agreement.

1.02 Cross-reference. Any reference to a section or article number, without further description, shall mean such section or article in this Agreement.

ARTICLE II DEVELOPMENT OF THE PROJECT-GENERALLY

2.01 Overall Project Responsibility.

A. CRD shall be responsible for all aspects of Project permitting, Project development, construction, and construction management through Project completion. Subject to the Town's fee waiver as provided in 2.03, CRD shall be exclusively responsible for financing construction of the Project, and shall bear all attendant development and financial risks of completing the Project in a timely manner. CRD as Project owner will exercise its rights and perform its obligations under the various contracts with third parties necessary to complete development and construction of the Project consistent with usual and customary industry practices. This Agreement does not create a partnership, joint venture or other legal entity between CRD and any of the other Parties. Rather the Town and DDA each have a limited and discrete role in the development or financing of the Project as outlined in this Agreement.

B. CRD shall indemnify, hold harmless, and defend the Town and the DDA from and against any and all claims, damages, liability, or court awards, including attorney's fees, that are or may be awarded as a result of any loss, injury or damage sustained or claimed to have been sustained by any person, firm, partnership or corporation, to the extent caused by the negligent acts, errors or omissions of CRD or any of its employees, agents or contractors in performing the work on the Project. In the event that any such suit or action is brought against the Town or the DDA, such named Party shall give notice to CRD within ten days of receipt of notice of such action.

2.02 Project Conformance.

A. CRD shall develop and construct the Project in substantial compliance with the Project Elements. CRD shall demonstrate compliance with the Project Elements as a condition to issuance of a building permit and Certificate of Occupancies for the Project. Issuance of a building permit by the Town shall constitute certification by the Town of compliance with the Project Elements requirement as reflected in the approved construction documents, subject to the satisfaction of any conditions to such building permit.

B. Any Material Deviation proposed by CRD from the Project Elements shall require the written approval of the Town Manager and DDA Executive Director in addition to any approvals expressly required under the Code. CRD may appeal an adverse decision of the Town Manager or the DDA Executive Director to the Town Council, whose determination shall be final and binding on all Parties.

C. The Project design and construction shall include a grease trap complying with all Town Regulations, including architectural plans that will enable a restaurant tenant to install a cooking hood to support at least one commercial restaurant within the Project.

2.03 Partial Waiver of Project Fees.

A. CRD shall be relieved from payment of Project Fees (the “Fee Waiver”), provided the Fee Waiver is capped at \$3,000,000. Aggregate Project Fees in excess of the Fee Waiver of \$3,000,000 shall be paid by CRD in accordance with the Town Regulations. CRD shall be required to pay any fees or charges imposed on the Project under the Town Regulations, excluding the Fee Waiver, in accordance with the payment schedule for Project Fees set forth in *Exhibit 5*. Should CRD fail to complete the Project, including Town Parking Units, CRD will reimburse the Town actual Fee Waiver amounts paid plus interest. The Town and DDA under separate agreement have provided a mechanism by which the Town will recover the Fee Waiver from the DDA.

2.04 Town Use Tax. CRD or CRD’s contractor shall pay Town Use Tax on construction and building materials for the Project in accordance with the Code. DC Use Tax payable on construction and building materials for the Project will be subject to payment by CRD and/or CRD’s contractor(s) in accordance with the laws of Douglas County, Colorado.

2.05 Site Preparation. CRD at its expense shall complete all demolition of existing structures and improvements, utility relocation(s)/extension(s), and other activities necessary for construction of the Project to commence.

2.06 Street Parking. At the time of execution of this Agreement, the current public parking along the east side of Jerry Street adjacent to the Project provides 16 parking spaces owned by the Town. Upon completion of the project public parking along the east side of Jerry Street adjacent to the project will provide 28 Town owned angled public parking spaces. In recognition of the increase in Town owned parking spaces along Jerry Street, the Town shall install and maintain signage for a minimum of four (4) spaces along the east side of Jerry Street immediately north of 6th Street to be designated as either temporary loading zone or two-hour public parking spaces.

2.07 Project Maintenance and Repair. At its sole expense, CRD shall maintain and make all necessary repairs to the Project, including the Project Elements and other elements of the Project, in a fully functional and attractive condition during the term of this Agreement.

2.08 Town Regulations. Town Regulations shall apply to the development and construction of the Project and the use and occupancy of the Project, except as otherwise expressly provided in this Agreement.

2.09 Other Agreements. This Agreement does not restrict the Town or DDA from extending financial assistance incentives to any other project or enterprise, including projects that may contain similar attributes to those of the Project.

2.10 CRD Exclusive Beneficiary. All entitlements and benefits accruing to CRD under this Agreement are exclusive to CRD as defined in 1.01. Except as otherwise provided in this Agreement, no other owner, tenant, business or occupant within the Project shall have any claim to the financial assistance afforded CRD under this Agreement. Accordingly, CRD shall indemnify, hold harmless, and defend the Town and DDA against any claims to amounts paid to CRD asserted by any third parties except those to whom CRD may assign its rights in accordance with this Agreement. Such indemnification shall extend to the reasonable attorney's fees incurred by the Town and DDA.

2.11 Application of Franchise Credits. Town shall cause up to \$100,000 in Franchise Credits to be applied by IREA toward the extension of service and burying of off-site utilities for the Project. The expense of any such extension of service or burying of off-site utilities in excess of \$100,000 shall be borne by CRD.

2.12 Project Completion. Timely completion of the entire Project is required in order that the Project generates the incremental revenues allocated to the Parties as provided in this Agreement. Accordingly, CRD shall complete the Project in accordance with the following benchmarks:

Project Structural Building Permit issuance	June 30, 2021
Certificate of Occupancy for first Residential Unit(s)	August 1, 2023

At the request of CRD and for good cause, Town may extend one or more of the above-referenced benchmarks by up to and including an additional six months. Such extension shall be effected by written notice from the Town Manager.

2.13 Force Majeure. If a Party's performance of any of its obligations under this Agreement is delayed due to a Force Majeure Event, the time by which the Party's obligation must be performed shall be extended by a period equal to the duration of the delay caused by the Force Majeure Event.

2.14 Easement for Alley Addition. The eastern boundary of the Project Property is contiguous with the alley in Block 3, Town of Castle Rock (the "Existing Alley"). The Town Parking Units will be located on Level P3 (the top level) of the Parking Garage, as shown on the Parking Plan (defined in 3.01). Vehicular access to and egress from Level P3 will be provided from and to the Existing Alley at point near the south end of Level P3 and the Existing Alley. The Town requires five feet of additional width for vehicular travel adjacent to the southern portion of the Existing Alley between 6th Street and entrance to the Level P3 of the Parking Garage (the "Alley Addition"). In order to provide for the Alley Addition, and at the time that CRD conveys the Town Parking Units to the Town, CRD will grant to the Town an easement (the "Alley Addition Easement") for vehicular travel through a portion of the Project Property generally described as follows: a volume of space having (a) a plan area bounded on the east by the Existing Alley, on the south by 6th Street, on the west by a line parallel to and 5 feet west of the Existing Alley, and on the north by a line parallel to and approximately 77 feet north of 6th Street, (b) a bottom elevation that varies with and is the same as the elevation of the existing surface of the west line of the Existing Alley, and (c) have a top elevation that varies with and is 7' - 0" above

the elevation of the existing surface of the west line of the Existing Alley. In connection with the development and construction of the Project, CRD will construct the structural support and driving surface for the Alley Addition. The Town acknowledges that CRD will hold title to the Alley Addition, subject to the Alley Addition Easement, that portions of the Parking Garage will occupy the portion of the Project Property below and adjacent to the Alley Addition Easement, and certain Residential Units will occupy the portion of the Project Property above the Alley Addition Easement.

ARTICLE III PARKING GARAGE OWNERSHIP AND MAINTENANCE

3.01 Generally. The Parking Garage shall accommodate 399 total parking spaces as depicted in the attached *Exhibit 3* (“Parking Plan”). The Town will own and have access to 100 parking spaces for public use as identified in *Exhibit 3*. The dimensions of the Parking Units shall be fixed by the Declaration and the location of the Parking Units shall be fixed by the Parking Plan. The allocation by CRD of the parking spaces in CRD Parking Units to Project tenants through the Association (defined in Section 3.03A) shall not require a Parking Plan amendment.

3.02 Exclusivity. The Town shall have exclusive ownership of and right to regulate the use of the Town Parking Units in the location designated on the Parking Plan. CRD shall have the exclusive ownership of and right to regulate the use of the CRD Parking Units at the locations designated on the Parking Plan. Provided further, CRD may, at its sole discretion and subject to revocation or revision at any time, allow general public use during designated times any of the CRD Parking Units. Conversely, CRD shall take reasonable steps to ensure that the tenants of CRD or CRD’s successors and assigns shall not use the Town Parking Units at any time, such steps shall include, at a minimum, (a) including in leases for Residential Units a provision that prohibits tenants of Residential Units from parking in the Town Parking Units and (b) the issuance of parking permits to CRD’s tenants that restrict the parking of tenant vehicles to the CRD Parking Units; provided that customers and guests of CRD’s tenants may use the CRD Parking Units when visiting the Project. The CRD Parking Units satisfy the off-street parking requirement for the Project under the Town Regulations.

3.03 Maintenance.

A. The Parking Garage, driveways, utilities and related appurtenances to the Parking Garage will be maintained by a condominium association as prescribed in the Declaration (“Association”). Maintenance of the Parking Garage shall include utilities, snow removal, sweeping, repair and replacement, signage and other usual and customary costs.

B. Financial responsibility for maintenance of the Parking Garage shall be proportioned between Town and CRD based on respective Parking Unit ownership as provided in the Declaration. The governance structure, operation, maintenance and repair mandates, cost assessment methodology and related matters will be governed by the Declaration.

3.04 Purchase Option.

A. The Town hereby grants to CRD the right and option to purchase the Town Parking Units subject to the terms and conditions of this Section 3.04 (the “Purchase Option”). In order to exercise the Purchase Option, CRD shall deliver to the Town written notice to that effect (an “Option Notice”) (i) within 30 days after the Town delivers to CRD an Intent to Sell Notice as provided in subsection C of this Section 3.04 or (ii) within one year after CRD delivers a Failure of Incentives Condition Notice as provided in subsection D of this Section 3.04. If CRD does not timely deliver an Option Notice to the Town as provided in this subsection A, the Purchase Option shall expire and have no further force or effect.

B. For the purposes of this Section 3.04, “Incentives Conditions” means, collectively, that (a) Town Council has approved an annual appropriation of sufficient funds to enable the Town to perform and fund each of its obligations when due under each of 2.04, 4.04 and subsection A of Section 5.01, (b) the Town has, in fact, performed and funded when due each of its obligations under each of 2.04, 2.11, 4.04 and subsection A of Section 5.01, without any limitation or condition relating to any failure of Town Council to duly appropriate funds and, in the case of the Town’s obligations under subsection A of Section 5.01, without applying the provisions of subsections C or D of Section 5.01.

C. Until all Incentives Conditions have been satisfied, the Town shall not sell or convey, or offer to sell or convey, or enter into any agreement to sell or convey all or any of the Town Parking Units to any person or entity other than CRD except in accordance with this Section 3.04. If the Town intends to sell or convey, or offer to sell or convey, or enter into any agreement to sell or convey all or any of the Town Parking Units to any person or entity other than CRD, the Town shall, in each instance, first deliver written notice to CRD of the Town’s intent (an “Intent to Sell Notice”). Each Intent to Sell Notice shall specify the Town Parking Unit(s) that the Town intends to sell or offer for sale. The Town may sell or convey the Town Parking Unit(s) specified in the subject Intent to Sell Notice if and only if, within 30 days after the Town delivers the subject Intent to Sell Notice, CRD either (i) gives written notice to the Town that CRD does not intend to exercise the Purchase Option or (ii) fails to delivery an Option Notice to the Town pursuant to clause (i) of subsection A of this Section 3.04. Once all Incentives Conditions have been satisfied, the Purchase Option shall expire and have no further force or effect.

D. If at any time any of the Incentives Conditions is not satisfied and the Town does not cause the unsatisfied Incentives Condition to be satisfied within 30 days after CRD delivers a first written notice that the Incentives Condition has not been satisfied, CRD may deliver to the Town a second written notice confirming that the Incentives Condition has not been satisfied (a “Failure of Incentives Condition Notice”). In addition, if any of the Incentives Conditions relating to the Town obligations under Section 2.04 are not satisfied and CRD delivers to the Town a Failure of Incentives Condition Notice before the Declaration is recorded in the public records of Douglas County, Colorado, CRD shall be relieved of the obligation to convey the Town Parking Units to the Town and the Town’s right to acquire the Town Parking Units shall terminate and have not further force or effect.

E. If CRD exercises the Purchase Option in accordance with subsection A of this Section 3.04, the following terms shall apply to the purchase by CRD from the Town of the Town Parking Units: (i) the closing of the purchase and sale of the Town Parking Units pursuant to this Section 3.04 (the “Option Closing”) shall occur at the office of a title insurance company selected by CRD in the greater Denver metropolitan area on the date selected by CRD (the “Option Closing Date”), provided that the Option Closing Date shall be no later than 60 days after CRD exercises the Purchase Option and CRD shall specify the location of the closing and the Option Closing Date in a written notice delivered to the Town at least 15 days before the Option Closing Date; (ii) at the Option Closing, (a) CRD shall pay to the Town the purchase price of \$10.00 for the Town Parking Units, and (b) the Town shall convey to CRD title to the Town Parking Units by special warranty deed, subject only to the exceptions to title to existing at the time CRD conveyed the Town Parking Units to the Town and other title exceptions arising by, through or under CRD; and (iii) CRD agrees to accept the Town Parking Units in their “AS IS, WHERE IS” condition as of the date of the Option Notice.

ARTICLE IV

SALES TAX AND PUBLIC IMPROVEMENT FEE

4.01 Add-On PIF. CRD shall impose, collect, and maintain in force the Add-On PIF on Taxable Transactions as otherwise allowed by law. The Add-On PIF shall take effect with the first Taxable Transaction at the Project and CRD, in its sole discretion, may terminate the Add-On PIF at any time after the Town has performed its obligations to disburse to CRD the Pledged Revenues under Section 4.04 and the Tax Increment Payments under Section 5.01 cease.

4.02 PIF Collection Agreement. CRD shall engage the Town as PIF Collection Agent to collect, disburse, and account for the Add-On PIF Revenue pursuant to the PIF Collection Agreement. The compensation payable by CRD to the Town, as PIF Collection Agent, under the PIF Collection Agreement shall not exceed three percent (3%) of the gross amount of Add-On PIF Revenue collected by the PIF Collection Agent from time to time.

4.03 Add-On PIF Revenue. Add-On PIF Revenue attributable to Taxable Transactions shall be the property of CRD and shall be paid to CRD pursuant to the PIF Collection Agreement.

4.04 Sales Tax Pledge. Pursuant to 3.04.025 of the Code, Town shall pay to CRD annually an amount equal to fifty-five percent (55%) of the Project Sales Tax Revenue collected by Town between August 1, 2023, and December 31, 2037 (“Pledged Revenue”); provided that (i) such annual disbursement of Pledged Revenue in any year is budgeted and appropriated by the Town and (ii) the cumulative amount of Pledged Revenues paid by Town to CRD under this Agreement shall not exceed \$1,000,000. Town shall pay to CRD Pledged Revenue generated in a calendar year by June 1st of the following year. Without limiting the generality of Section 2.10, the right to receive Pledged Revenue is exclusive to CRD and no other owner, tenant, business or occupant (including any Retailer) within the Project shall have any claim to Pledged Revenue.

4.05 Change in Sales Tax. Nothing in this Agreement shall impair the right of the Town to modify the imposition of sales tax through the Town Regulations, including the reduction in the

rate of taxation or adding exemptions from taxation, provided such modifications shall not have retroactive effect.

ARTICLE V PROJECT PROPERTY TAX INCREMENT

5.01 Property Tax Revenue Allocation.

A. Beginning with Tax Collection Year 2023 and concluding with Tax Collection Year 2037, Town shall annually disburse to CRD from the Special Fund an amount equal to fifty-five percent (55%) of the Project Property Tax Revenue (“Tax Increment Payment”), provided that (i) payment of such Tax Increment Payment shall be subject to adjustment under subsections C and D of this Section 5.01 and (ii) the cumulative amount of Tax Increment Payments paid by Town to CRD under this Agreement shall not exceed \$3,250,000. Beginning with Tax Collection Year 2038, all Project Property Tax Revenue shall accrue to the Special Fund and CRD shall have no entitlement to such revenue.

B. The annual Tax Increment Payment shall be paid to CRD each August 1st.

C. In the event the Net DDA Property Tax Revenue in any calendar year is less than the sum of (i) the Tax Increment Payment and (ii) all other pledges of property tax increment by the Town and DDA under any other Contractual Obligations in effect at that time ((i) and (ii) collectively, “DDA Tax Increment Pledge”), then this subsection C shall be operative. In that event, the Tax Increment Payment shall be made for that calendar year in the percentage derived by dividing the Net DDA Property Tax Revenue by the DDA Tax Increment Pledge. To illustrate, if in a calendar year the DDA Tax Increment Pledge is \$100,000, but the Net DDA Property Tax Revenue is \$70,000, the Tax Increment Payment to CRD shall be 70% of the amount otherwise required under this Agreement (the “Adjusted Tax Increment Payment”).

D. The difference between the financially unconstrained Tax Increment Payment and the Adjusted Tax Increment Payment shall carry forward and shall be paid to CRD, in whole or in part, (proportionate to other deferred DDA Tax Increment Pledges) in subsequent year(s) if and when there is available Net DDA Property Tax Revenue. Payment of such deferred DDA Tax Increment Pledge shall be in addition to the regular Tax Increment Payment due in that year. However, such carry-forward obligation shall expire when the right to Tax Increment Payments lapses under subsection A, above.

5.02 Subordination. The Town’s obligation to make the Pledged Revenue and Tax Increment Payments shall not be subordinate to the Town’s obligation to pay any current outstanding or future Bonds.

5.03 Damage or Destruction. In the event the Project suffers a catastrophic loss or damage such that it is not habitable, the Tax Increment Payments shall be suspended until such time as the Project is rebuilt or repaired to a functional condition. Such suspension in Tax Increment Payments shall not extend the dates of lapse of the Tax Increment Payments as provided

in 5.01.A. The Declaration shall require the association established thereby, to the extent required under CCIOA, at all times to maintain casualty insurance coverage on the Project sufficient to support the repair or reconstruction of the Project in the event of such loss or damage. The Declaration shall require each owner of a condominium unit in the Project at all times to maintain casualty insurance coverage regarding sufficient to support the repair or reconstruction of the owner's improvements within the owners' condominium unit in the event of such loss or damage.

ARTICLE VI OTHER PROVISIONS

6.01 Representations and Warranties.

A. Representations and Warranties by CRD. CRD represents and warrants as follows:

1. CRD is a limited liability company duly organized and validly existing under the laws of the State of Colorado and in good standing and authorized to do business in the State of Colorado and has the power and the authority to enter into and perform in a timely manner its obligations under this Agreement.

2. The execution and delivery of this Agreement have been duly and validly authorized by all necessary action to make this Agreement and are valid and binding upon CRD.

3. The execution and delivery of this Agreement will not (i) conflict with or contravene any law, order, rule or regulation applicable to CRD or to CRD's governing documents, (ii) result in the breach of any of the terms or provisions or constitute a default under any agreement or other instrument to which CRD is a party or by which it may be bound or affected, or (iii) permit any party to terminate any such agreement or instruments or to accelerate the maturity of any indebtedness or other obligation of CRD.

4. CRD knows of no litigation, proceeding, initiative, referendum, or investigation or threat or any of the same contesting the powers of CRD or any of its principals or officials with respect to the subject matter of this Agreement that has not been disclosed in writing to the other Parties.

5. This Agreement constitutes a valid and binding obligation of CRD, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity.

B. Representations and Warranties by the Town. The Town represents and warrants as follows:

1. The Town is a body corporate and politic and a home rule municipality of the State of Colorado, and has the power to enter into and has taken all actions to date required to authorize this Agreement and to carry out its obligations under this Agreement.

2. The Town knows of no litigation, proceeding, initiative, referendum, investigation or threat of any of the same contesting the powers of the Town or its officials with respect to this Agreement that has not been disclosed in writing to the Parties.

3. The execution and delivery of this Agreement and the documents required hereunder and the consummation of the transactions contemplated by this Agreement will not: (i) conflict with or contravene any law, order, rule or regulation applicable to the Town or to its governing documents, (ii) result in the breach of any of the terms or provisions or constitute a default under any agreement or other instrument to which the Town is a party or by which it may be bound or affected, or (iii) permit any party to terminate any such agreement or instruments or to accelerate the maturity of any indebtedness or other obligation of the Town.

4. This Agreement constitutes a valid and binding obligation of the Town, enforceable according to its terms.

C. Representations and Warranties by the DDA. The DDA represents and warrants as follows:

1. The DDA is a body corporate and politic of the State of Colorado, and has the power to enter into and has taken all actions to date required to authorize this Agreement and to carry out its obligations under this Agreement.

2. The DDA knows of no litigation, proceeding, initiative, referendum, investigation or threat of any of the same contesting the powers of the DDA or its officials with respect to this Agreement that has not been disclosed in writing to the Parties.

3. The execution and delivery of this Agreement and the documents required hereunder and the consummation of the transactions contemplated by this Agreement will not: (i) conflict with or contravene any law, order, rule or regulation applicable to the DDA or to its governing documents, (ii) result in the breach of any of the terms or provisions or constitute a default under any agreement or other instrument to which the DDA is a party or by which it may be bound or affected, or (iii) permit any party to terminate any such agreement or instruments or to accelerate the maturity of any indebtedness or other obligation of the DDA.

4. This Agreement constitutes a valid and binding obligation of the DDA, enforceable according to its terms.

6.02 Commencement; Term. The term of this Agreement shall commence upon the date that the Town Council ordinance approving this Agreement is final and no longer subject to referendum and shall expire once the Town has performed all of its obligations under Sections 2.04, 2.11, 4.04 and 5.01.

6.03 Event of Default. Failure of any Party to perform any covenant, agreement, obligation or provision of this Agreement shall constitute an event of default under this Agreement.

6.04 Default Notice. In the event a Party alleges that another Party is in default, the non-defaulting Party shall first notify the defaulting Party(ies) in writing of such default, and specify the exact nature of the default in such notice. The defaulting Party shall have thirty (30) days from receipt of such notice within which to cure such default before the non-defaulting Party may exercise any of its remedies; or if the default is of a nature to require more than thirty (30) days to remedy, the defaulting Party(ies) will have the time reasonably necessary to cure, but in any event such cure period shall not extend beyond ninety (90) days.

6.05 Remedies. Upon default of this Agreement and failure to timely cure, the non-defaulting Party shall have the right to take whatever action at law or in equity appears necessary or desirable to enforce performance and compliance with this Agreement, or to collect the monies then due and thereafter to become due. In addition, no Party will be entitled to lost profits, economic damages, or actual, direct, incidental, consequential, punitive or exemplary damages in the event of a default.

6.06 Governing Law. This Agreement shall be governed and construed in accordance with Colorado law and Douglas County shall be the proper venue for the commencement of any claims in state court.

6.07 Amendment. Any and all changes to this Agreement, in order to be mutually effective and finding upon the parties and their successors, must be in writing.

6.08 Notice. The addresses of the parties to this Agreement are listed below. Any and all notices allowed or required to be given in accordance with this Agreement are deemed to have been given when delivered to the other parties or three (3) days following the date the same is deposited in the United States mail, registered or certified, postage prepaid, return receipt requested, addressed to the other parties at the addresses noted; or such address as is subsequently endorsed in writing, or in the event of transfer of the Property to the address of such grantee as indicated in the recorded instrument whereby such grantee acquired an interest in the Property.

Town: Town of Castle Rock
100 N. Wilcox Street
Castle Rock, CO 80104
Attn: Michael J. Hyman, Town Attorney

DDA: Castle Rock Downtown Development Authority
18 S. Wilcox Street
Castle Rock, CO 80104

Attn: Kevin Tilson, Downtown Alliance Director

CRD: Castle Rock Development, LLC
901 New Hampshire Street, Suite 201
Lawrence, KS 66044
Attn: Banks Floodman, Director of Business Development

6.09 No Third-Party Beneficiaries. It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to Town, the DDA, and CRD, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement. It is the express intention of the Parties that any person other than the Party receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

6.10 Additional Documents. The Parties agree to execute any additional documents or take any additional action, including but not limited to estoppel documents requested by lenders, that is necessary to carry out this agreement or is reasonably requested by any Party to confirm or clarify the intent of the provisions of this Agreement and to effectuate the agreements and the intent. Notwithstanding the foregoing, however, no Party shall be obligated to execute any additional document or take any additional action unless such document or action is reasonably acceptable to such Party. If all or any portion of this Agreement, or other agreements approved in connection with this Agreement are asserted or determined to be invalid, illegal or are otherwise precluded, the Parties, within the scope of their powers and duties, will cooperate in the joint defense of such documents and, if such defense is unsuccessful, the Parties will use reasonable, diligent good faith efforts to amend, reform or replace such precluded items to assure, to the extent legally permissible, that each Party substantially receives the benefits that it would have received under this Agreement.

6.11 TABOR Compliance. It is not the intention of the Parties and this Agreement shall not be construed to create a multiple fiscal year obligation of the Town under Article X, Section 20 of the Colorado Constitution (“TABOR”) which obligation has not been previously voter approved. Consequently, any financial obligation of the Town which is not supported by a TABOR reserve is conditioned on the subsequent appropriation by the Town Council of sufficient funds to discharge such obligation.

6.12 Section Captions. The captions of the sections are set forth only for the convenience and reference of the Parties and are not intended in any way to define, limit, or describe the scope or intent of this Agreement.

6.13 Waiver of Breach. A waiver by any Party to this Agreement of the breach of any term or provision of this Agreement must be in writing and will not operate or be construed as a waiver of any subsequent breach by any Party.

6.14 Binding Effect, Entire Agreement. This Agreement will inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and assigns. Except as otherwise provided in the definition of “CRD” in Section 1.01, nothing in this paragraph

permits the assignment of this Agreement by CRD to any person or entity which is not an affiliated entity and under similar ownership and control as CRD; provided that CRD may assign its rights under this Agreement to a lender that provides debt financing to CRD for the Project as security for the financing. This Agreement, together with the PIF Collection Agreement, represents the entire agreement among the Parties and supersedes any prior written or oral agreements or understandings with regard to the Property or Project not specifically set forth in this Agreement and the PIF Collection Agreement.

6.15 Minor Changes. This Agreement has been approved in substantially the form submitted to the governing bodies of the Parties. The officers executing this Agreement are authorized to make and may have made, minor changes to this Agreement and the attached exhibits as they have considered necessary. So long such changes were consistent with the intent and understanding of the Parties at the time of approval by the governing bodies, the execution of this Agreement will constitute the approval of such changes by the respective Parties.

6.16 Consent to Extensions. Any notice of or consent to an extension of time by the Town under this Agreement may be effected by the Town Manager or his designee.

6.17 Days. If the day for any performance or event provided for is a Saturday, a Sunday, a day on which national banks are not open for regular transaction of business, or a legal holiday pursuant to §24-11-101(1), C.R.S., such day will be extended until the next day on which such banks and state offices are open for the transaction of business.

6.18 No Waiver of Immunity. Nothing contained in this Agreement constitutes a waiver of sovereign immunity or governmental immunity by either the Town or the DDA under applicable state law.

6.19 Parties Not Partners. Notwithstanding any language in this Agreement or any other agreement, representation, or warranty to the contrary, the Parties will not be deemed to be partners or joint venturers, and no Party is responsible for any debt or liability of any other Party.

6.20 Recordation. This Agreement and any amendments thereto shall be recorded in the public records of Douglas County, Colorado.

TOWN:

ATTEST:

TOWN OF CASTLE ROCK

Lisa Anderson, Town Clerk

Jason Gray, Mayor

Approved as to form:

Approved as to content:

Michael Hyman, Town Attorney

David L. Corliss, Town Manager

STATE OF COLORADO)
) **ss.**
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this ____ day of _____, 2021 by Lisa Anderson as Town Clerk and Jason Gray as Mayor of the Town of the Town of Castle Rock, Colorado.

Witness my official hand and seal.
My commission expires: _____

[S E A L]

Notary Public

**CASTLE ROCK DOWNTOWN
DEVELOPMENT AUTHORITY**

By: _____
Name: _____
Title: _____

STATE OF COLORADO)
) **ss.**
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this ____ day of _____, 2021 by _____ as _____ for the Castle Rock Downtown Development Authority.

Witness my official hand and seal.
My commission expires: _____

[S E A L]

Notary Public

Approved as to form:

Corey Hoffman, General Counsel

CRD:

CASTLE ROCK DEVELOPMENT, LLC,
a Colorado limited liability company

By: _____
Name: Douglas J. Compton
Title: Co-Manager

By: _____
Name: Jason Swords
Title: Co-Manager

By: _____
Name: Michael L. Treanor
Title: Co-Manager

STATE OF _____)
_____) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2021 by Douglas J. Compton as co-Manager for Castle Rock Development, LLC, a Colorado limited liability company.

Witness my official hand and seal.
My commission expires: _____

[S E A L]

Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2021 by Jason Swords as co-Manager for Castle Rock Development, LLC, a Colorado limited liability company.

Witness my official hand and seal.
My commission expires: _____

[S E A L] _____
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2021 by Michael L. Treanor as co-Manager for Castle Rock Development, LLC, a Colorado limited liability company.

Witness my official hand and seal.
My commission expires: _____

[S E A L] _____
Notary Public

EXHIBIT LIST

Exhibit 1	Project Description and Elements
Exhibit 2	Financial Analysis - DRP
Exhibit 3	Parking Plan
Exhibit 4	Add-On PIF Covenant
Exhibit 5	Project Fees
Exhibit 6	Map of Project Property
Exhibit 7	Legal Description of Project Property

Exhibit 1

Project Description and Elements

The View is located on the 2.01 acres at 610 Jerry Street in downtown Castle Rock, Colorado. The site is bordered by Sixth Street to the south, Jerry Street to the west, an auto repair shop to the north, and a public alley and retail shopping centers, including the Victorian Shopping Center, to the east. The site currently contains occupied storage units that will remain in operation while the site is being designed but will be vacated before commencement of construction work.

The proposed building will hold a variety of functions, with the largest being multi-family residential. There will be approximately 221 residential units spread over four levels and approximately 225,000 gross square feet. These four levels of residential will sit on top of a two-story concrete podium that will contain retail space, office space, residential amenities and approximately 399 parking spaces. 100 of the parking spaces will be owned by the Town of Castle Rock for exclusively public use. On top of the podium will be outdoor green space for residential amenities split between two amenity terraces. The terraces will contain a swimming pool, social gathering spaces, outdoor cooking grills, and a 24-hour dog run.

This building will come down to the street in downtown Castle Rock, and is meant to engage, interact with, and activate the public realm. All of downtown Castle Rock will be walkable from all points of the building, and easily accessible for the residents and business tenants. The site is clearly visible from and accessible to Interstate 25 and will positively impact the experience of living in and visiting Castle Rock, transforming the site from a storage facility to a state-of-the-art mixed-use project in the heart of the town.

Exhibit 2

Financial Analysis – DRP

[See attachment]



Development Research Partners

Date: July 25, 2020

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

To: Kevin Tilson, Director, Castle Rock Downtown Alliance

Development Proforma Review for "The View" project at 610 Jerry Street, Castle Rock, CO

Development Research Partners, Inc. (DRP) has been engaged by the Castle Rock Downtown Alliance to review the development budgets and forecast operating proforma for The View development project.

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's review and findings.

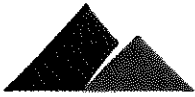
SCOPE OF REVIEW

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

- Market verification on project 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 briefings regarding research, analysis, and recommendations; and
- Impacts from the Covid-19 pandemic has not been explicitly considered in this analysis.

METHODOOGY

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 June 17, 2020 for this analysis. The reviewer 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 reviewer through independent rate of return analysis targeting market-based investment expectations.



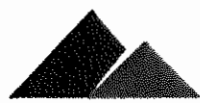
PROJECT BASIS

- The completed redevelopment project is proposed to include 218 rental apartment units (mix of studio, 1-, 2-, and 3-bedroom), 14,500 square feet of office space, 5,000 square feet of retail space.
- The developer, a partnership between TreanorHL, First Construction, and Sunflower Development Group, has purchased the Park Street Jerry Street Self-Storage facility, including a single-story, three-bay class C office-storefront building, for development of a mixed-use multi-family residential apartment project.
- The facility was purchased as an operating self-storage business along with the land and existing buildings. The storage facility is still operating as such and could continue this business during the interim period prior to redevelopment.
- The proposed development will replace the single-story mini-storage warehouse facility on a 2.1-acre, rectangular shaped site on the northeast quadrant of Sixth Street and Jerry Street in Castle Rock.
- The mini-storage warehouse, along with an associated office-storefront building will be razed for the new development.

PROJECT ASSUMPTIONS

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

Assumptions:	As-Proposed	Market-Estimate ¹	Comments
Mix			
Residential Units	218	218	
Office	5,000 sf	5,000 sf	
Retail	14,500 sf	14,500 sf	
Rental Rates/mo	Weighted Average rent for each unit type per proforma	Estimates based on a survey of market reports and local rent comp analysis	Market rent range estimates are based prevailing market conditions during the first half of 2020. The developer's projected rents are generally at the higher end of this range and based on highly appointed units and amenities, projected upon opening 18 months hence. While estimated at the higher range they are not unreasonable expectations depending on future market conditions.
Studio	\$1,359	\$1,000 - \$1,300	
1-Bed/1-Bath	\$1,417	\$1,350 - \$1,450	
2-Bed/2-Bath	\$2,005	\$1,650 - \$1,800	
3-Bed/2-Bath	\$2,464	\$2,000 - \$2,100	
Absorption	18 month Absorption	18 - 24 month Absorption	



Development Research Partners

Stabilized Vacancy	7% Stabilized Vacancy	5% vacancy + 2% credit Loss	
Operating Expenses*			Operating expense estimates for the residential units are considered reasonable
Per Unit	\$5,800	\$5,500 - \$6,5,000	
Gross Rent %	29%	30% - 40%	
*Residential Component Only			
Debt			Financing terms are consistent with the market given lender relationships and project nuances
Loan:Value Ratio	70%	75% - 80%	
Interest Rate	4.75%	4.5% - 6.0%	
Amortization	30 years	20 - 30 years	
Capitalization Rates			In estimating financial gaps the reviewer use a 5.25% stabilized cap rate; and a 6.0% cap rate to estimate asset liquidation in investment year 10.
Stabilized (yr 3)	5.25%	4.5% to 5.5%	
Liquidation Value (yr 10)	5.25%	+ 50 to 100 Basis Points	
Target Yield			Market-based target yield rates are used to estimate the financial gap
Yield Rate (IRR)	na	7.5% - 8.5%	
Return on Cost (stabilized)	6.0%	6% - 7%	
Return on Equity (leveraged cash-on-cash)	na	5% - 12%	
Development Costs	\$70,000,000	\$70,000,000	The developer's cost estimate is at the high end of construction costs experienced in the market. After discussions with the developer it is the understanding of the reviewer that the product will be high quality construction, upgraded amenities, and unique features which will support the higher rental rate. The estimate of financial gap is based on the developer's estimate.

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, 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. The estimated NOI in proforma year 3 is about \$3,750,000.

ROI Indicator	Description	Market Target
Return-on-Cost	Net Operating Income before debt service as % of equity	6% to 7%
Internal Rate of Return (IRR)	Annual revenue and asset sale over 10 years as return on development costs	7.5% to 8.5%
Return on Equity	Leveraged cash-on-cash after debt service	5% - 12%

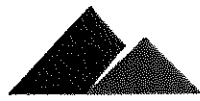
The following sensitivity analysis illustrates the application of total GAP funding against construction cost during the first year of construction.

ROI Indicator	Market Target	GAP Funding (Up-front During Construction)		
Estimated Gap		\$6,500,000	\$7,000,000	\$7,500,000
Return-on-Cost	6% to 7%	5.9%	5.9%	6.0%
Internal Rate of Return (IRR)	7.5% to 8.5%	7.6%	7.7%	7.8%
Return on Equity (70% loan-value ratio)	5% - 12%	4.3%	4.4%	4.6%

This developer uses return on cost as a key rate-of-return metric and is used herein to benchmark other market-rate of return indicators to the developer's decision to proceed. The developer is targeting a return on cost of about 6%, and as can be seen in the above table, all gap funding levels are estimated to be close to this target.

Return on equity is a useful metric in stable markets where short-term market conditions are more predictable. Return on equity evaluates annual stabilized income after financing costs and debt service. With the coronavirus pandemic's sudden onset, real estate financing markets has become somewhat volatile. Because estimated return on equity is highly dependent on financing terms, which is subject to daily revisions and now more highly dependent on underwriting the borrower, it has become less insightful as an indicator of project feasibility. In this evaluation the reviewer is relying primarily on internal rate of return (IRR) for feasibility determinations.

Given the development project as proposed by the developer indicates a **financial gap ranging from \$6.5 million to \$7.5 million.**



Gap Funding Analysis

Rental Rates

The indicated range of market rents by unit type is validated by comparing to competing properties within the town of Castle Rock. Rental rates for The View are not out of line with the local market, however they do define the current upper end. This can be attributable to rents being asked for the top floor units which is planned to have relatively large unit sizes, oversized windows and panoramic views, and loft-design.

The rental rates estimated for The View is primarily based on comparisons with its closest competitor, Riverwalk, and a market study completed in support of informing this project. The market study was reviewed and found reasonable. It is worth noting that the market study includes many comparables located in the regional market, and many of those projects are in transit-oriented (TOD) development locations near RTD light rail stations. Castle Rock does not have light rail service to Metro Denver and rent projections may be overstated; however, the proximity of southeast Denver business parks and transit stations somewhat offsets the lack of a TOD location. The risk of missing this forecast is that revenues maybe overstated.

Development Costs

As previously noted, the developer's cost estimate is at the high end of construction costs experienced in the market. After discussions with the developer it is the understanding of the reviewer that the product will be high quality construction, upgraded amenities, and unique features which will support upper-end rates. An estimated \$7,000,000 gap is 10% of the total \$70,000,000 construction costs.

The residential units are planned to be constructed above a two-story podium. As proposed, the podium will house:

- 299 parking spaces
- 5,000 square feet of retail built out in the first story parking level, and
- 14,500 square feet of office space built out in the second parking level.

Construction for the podium component is estimated at about \$9.1 million; adding an estimated \$100 per square foot for commercial buildout (demising walls, utility fixtures, tenant improvements, other features) the overall cost is about \$11 million. There may be an opportunity to value-engineer the podium with less commercial space and reduce the overall size of the parking structure, perhaps even reducing it to a single parking level.

The reviewer is not an expert in construction cost management but, for illustrative purposes has evaluated the cost estimates for the residential units to be constructed above the podium. Based on the developer's reported construction costs the residential units and amenities component are estimated to cost about \$59 million to build, or about \$270,000 per unit, notably greater than that generally experienced with other projects:

Development Costs	As Proposed	Market Experience Based
Residential Component (<i>above podium-parking-retail-office floors</i>)	\$270,000/unit*	\$100,000 - \$220,000/unit
	\$324/square foot*	\$200 - \$300/sf
	<i>*reviewer estimate</i>	

A \$7 million gap for 218 units equates to about \$32,000 per unit. If possible, value engineering to reduce costs by this amount saves about \$38 per square foot in cost savings. This would be a significant move to minimize the overall financial gap. Based on typical market costs, this construction cost level should allow for high quality construction, features, and amenities.

There is also an opportunity to value engineer other components of the living spaces, features, and amenities. This too however may change the price points for rental units depending upon how those changes are made and impacts on appeal, value perception, and market acceptance. Value engineered construction may alter the property's ability to achieve rent premiums as proposed.

It should be noted that value-engineering the podium and/or the residential components will likely impact the construction program and potentially the ability for the project to achieve the projected rental rates. Modifications may alter the project concept and reduce its market acceptance. Any value-engineering should be cautiously considered by a qualified engineer with full engagement by the developer.

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 are becoming more common in the market;
- Public participation by the City of Castle Rock and its Downtown Development Authority may be limited due to funding availability; and
- The Covid-19 Pandemic may alter market conditions in unforeseen ways.



Gap Financing Options

There are various approaches to bridging the gap, some of which have been already tendered by the developer. These include, but are not limited to:

- Value-engineering costs
 - Focus on reducing costs to construct the residential component of the project while maintaining value for the tenants
 - Reduce or eliminate retail and/or office space to recover parking spots and possibly reducing the parking structure to a single level
- Improve annual cash flow
 - Utilize Tax Increment Financing to annualize gap funding
 - Public leases on office, retail, and parking spaces as revenue guarantees or for public use
 - Public Improvement Fees on location specific retail sales; the amount of PIF generated is likely to be very small
- Address up-front costs
 - Public funding for utility relocation costs
 - permit fee waivers
 - Allow developer's share of TIF revenue to be used as a loan guarantee for a second or mezzanine loan

IN SUMMARY

The View location offers an assembled site with dimensions to accommodate a new residential or mixed-use property in a location close to Castle Rock's central business corridor. With economic growth being experienced in metro Denver's southern region Castle Rock The View can take advantage of a small-town atmosphere with a relatively short commute time to employment centers. The project is designed to provide a unique property focusing on premium renters.

In today's market, feasibility and gap estimates are primarily based on pre-covid market conditions. It is recognized that a persisting pandemic may impact the residential markets in ways that could be positive, negative or simply chaotic.

In conclusion, it is the reviewer's opinion that a feasibility gap does exist for The View, as proposed, in the range of \$6.5 million to \$7.5 million.

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Exhibit 3

Parking Plan

[See attachment]

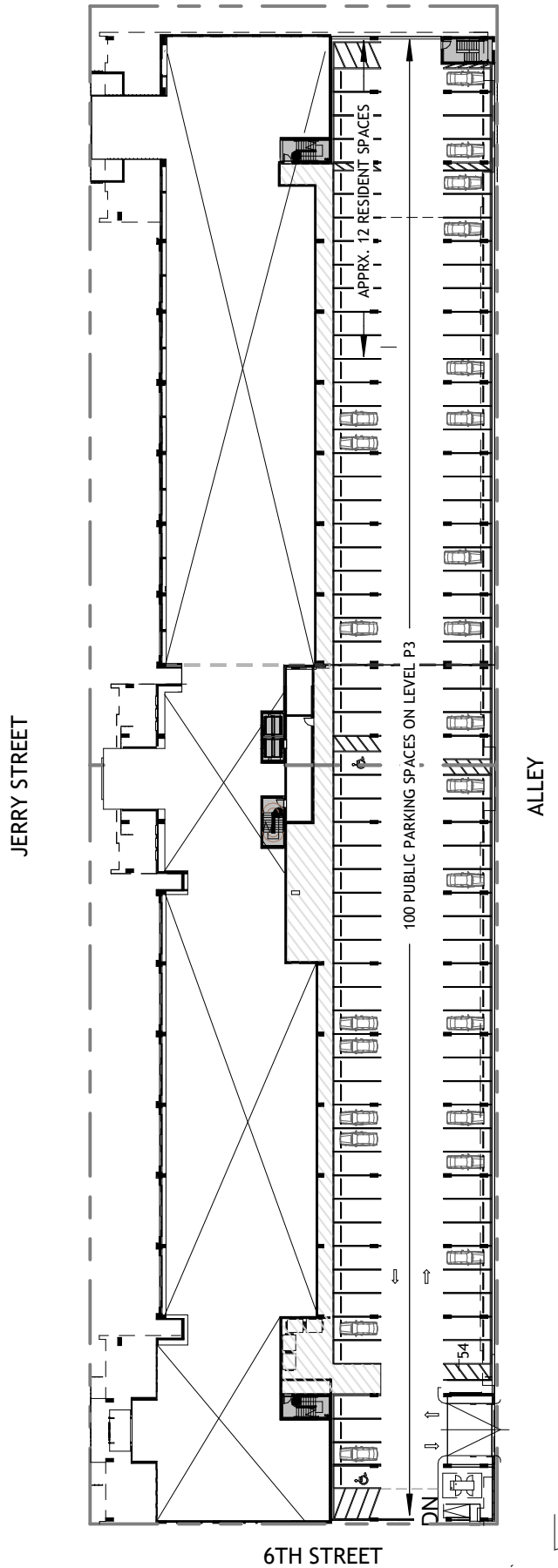


Exhibit 4

Add-On PIF Covenant

[See attachment]

**DECLARATION OF COVENANTS
IMPOSING AND IMPLEMENTING AN
ADD-ON PUBLIC IMPROVEMENT FEE**

THIS DECLARATION OF COVENANTS IMPOSING AND IMPLEMENTING AN ADD-ON PUBLIC IMPROVEMENT FEE ("PIF Covenant") is made as of the _____ day of _____, 202__, by CASTLE ROCK DEVELOPMENT, LLC, a Colorado limited liability company ("Declarant").

RECITALS

A. In this PIF Covenant, references to Sections and Exhibits shall refer to Sections and Exhibits of this PIF Covenant unless expressly stated otherwise.

B. Declarant owns real property more particularly described in ***Exhibit A*** attached to and by this reference incorporated into this PIF Covenant (the "Property"), which is located in the Town of Castle Rock, Colorado (the "Town"), and intends to develop and construct or cause to be constructed a development incorporating the Property which will consist of a mixed use (for-rent residential and commercial space) project and the appurtenant improvements to be known as The View at Castle Rock. The Project includes a Parking Garage that will provide parking for the Project and parking for the general use and convenience of the public.

C. In consideration of the benefits to be provided to the Property, and in accordance with the terms and provisions of the Redevelopment Agreement (defined in Section 1), Declarant has agreed to impose a public improvement fee on the Property in accordance with the terms of this PIF Covenant and the Redevelopment Agreement.

D. Subject to and in accordance with the terms of this PIF Covenant, Declarant desires to impose the obligation to collect and pay, and to provide for the implementation of the collection and payment of, a PIF (defined in Section 1) on all PIF Sales (defined in Section 1) that occur from, within, or upon the Property.

DECLARATION

NOW, THEREFORE, in consideration of the facts set forth in the Recitals, incorporated herein and made a part hereof by this reference, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Declarant, Declarant hereby agrees and declares that this PIF Covenant shall run with the land and be binding upon, and effective against all successors in interest, assigns and transferees of the Property as follows:

Section 1. Defined Terms. Except as otherwise expressly provided herein or unless the context requires otherwise, the singular of any term includes the plural of such term. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Redevelopment Agreement. The following terms, when used in this PIF Covenant, shall have the following meanings:

Add-On PIF means a public improvement fee imposed on the Property in the amount of one percent (1%) of PIF Sales as set forth in this PIF Covenant, which shall be (i) collected in accordance with the terms of this PIF Covenant, and (ii) accounted for and disbursed in accordance with the terms of this PIF Covenant and the Redevelopment Agreement.

Auditor has the meaning set forth in Section 7.A.

Commencement Date means the date on which this PIF Covenant is recorded in the real property records of the County.

County means the County of Douglas, State of Colorado.

CRMC means the Castle Rock Municipal Code, as the same may be amended or supplemented.

Declarant means the Declarant named in this PIF Covenant, for so long as such named party holds title to any portion of or condominium unit within the Property, or a Person who is designated as Declarant, in an instrument recorded in the real property records of the County and executed by the immediately preceding Declarant, and who holds title to any portion of or any condominium unit within the Property. If the Declarant named in this PIF Covenant, or the then-current Declarant, no longer holds title to any portion of or any condominium unit within the Property and does not record an instrument designating a new Person as Declarant, the Person holding title to the largest parcel or the largest condominium unit within the Property shall become the Declarant. Any Person who is designated as a Declarant hereunder shall agree to comply with the terms and provisions of the Redevelopment Agreement relating to the PIF Covenant and the use of the Add-On PIF Revenue.

Default Rate means eighteen percent (18%) per annum, but if such rate exceeds the maximum interest rate permitted by State law, such rate shall be reduced to the highest rate allowed by State law under the circumstances.

Occupancy Agreement means any deed, lease, sublease, license, concession or other occupancy agreement between an Owner or an Occupant and a Retailer under which the Retailer is given the right to possess or occupy any portion of the Owned/Leased Property owned or occupied by the Owner or the Occupant.

Occupant means any Owner or other Person who has the legal right, pursuant to any agreement of any nature, to possess or occupy any portion of the Property, including, without limitation, any space within or without any building constructed on the Property; provided, however, that a mortgagee, a trustee or a beneficiary of a deed of trust, or any other Person who has such right of possession primarily for the purpose of securing a debt or other obligation owed to such Person shall not constitute an "Occupant" unless and until such person becomes a mortgagee in possession or otherwise possesses or occupies a portion of the Property pursuant to such right by an intentional or voluntary act of its own, whereupon the subject mortgagee, trustee, beneficiary, or other Person shall be an "Occupant" hereunder.

Owned/Leased Property means, with respect to any Owner, the portion of the Property to which such Owner owns fee title and, with respect to any Occupant, the portion of the Property which such Occupant has the right to possess or occupy pursuant to an Occupancy Agreement.

Owner means a Person that owns a fee interest in any portion of the Property, during the period of such ownership.

Person means an individual, firm, association, unincorporated organization, corporation (for profit or nonprofit), limited liability company, partnership, company, joint stock company, joint venture, trust or government or agency or a political subdivision thereof, any trustee, receiver, assignee or similar representative thereof or any other entity.

PIF shall mean the Add-On PIF.

PIF Collection Agent means any Person designated by Declarant for the purpose of collecting, accounting for, and disbursing the PIF Revenues in accordance with this PIF Covenant, the Redevelopment Agreement and the PIF Collection Agreement.

PIF Collection Agreement means an agreement related to collection, accounting for, and disbursement of the PIF Revenue between Declarant and the PIF Collection Agent.

PIF Receiving Party means Declarant and any Person designated by Declarant to receive all or any portion of the PIF Revenues.

PIF Reports has the meaning set forth in Section 5.B.

PIF Revenues means the revenues derived from the imposition of the Add-On PIF.

PIF Sales means any exchange of goods and services for money or other media of exchange initiated, consummated, conducted, transacted or otherwise occurring from or within the Property that is subject to Sales Tax pursuant to the Sales Tax Ordinance.

Project means The View at Castle Rock, a mixed-use development on the Property which upon completion is expected to include approximately 221 for-rent residential units, approximately 19,500 square feet of commercial space (consisting of retail and/or office space), and parking for 399 vehicles within the Parking Garage.

Property has the meaning set forth in the Recitals. A legal description of the Property is attached hereto as ***Exhibit A*** and by this reference made a part hereof.

Purchaser means the purchaser or recipient of goods or services or both from a Retailer in a PIF Sale.

Redevelopment Agreement means The View at Castle Rock Redevelopment and Financing Agreement dated _____, 2021, between Declarant, the Town, and the Castle Rock Downtown Development Authority setting forth the terms and conditions applicable to construction and financing of the Project, and the use of the PIF Revenues, as amended from time to time.

Retailer means any Person, including Declarant and any Owner or Occupant, who:

(i) has the legal right, pursuant to deed, lease, sublease, license, concession, easement or other Occupancy Agreement of any type or nature, to possess or occupy all or any portion of the Property, including without limitation, any space within any building constructed on all or any portion of the Property; provided that a mortgagee, a trustee under or beneficiary of a deed of trust, or any other Person who has such right of possession primarily for the purpose of securing a debt or other obligation owned to such Person, shall not constitute a “Retailer” unless and until such Person becomes an Owner or a mortgagee in possession or otherwise possesses or occupies all or apportion of the Property pursuant to such right by an intentional or voluntary act of its own, whereupon the subject mortgagee, trustee, beneficiary or other Person shall be a “Retailer” hereunder; and

(ii) is a seller or provider of goods or services who engages in any PIF Sales initiated, consummated, conducted, transacted or otherwise occurring from or within the Property.

Sales Tax means the tax levied by the Town on the sale of taxable goods and services in accordance with the Sales Tax Ordinance.

Sale Tax Ordinance means Chapters 3.04 and 3.05 of the CRMC in effect as of the date hereof, as they may be amended from time to time.

Sales Tax Reports has the meaning set forth in Section 6.A.

State means the State of Colorado.

Town means the Town of Castle Rock, Colorado, a municipal corporation, and includes its successors and assigns.

Section 2. Imposition of PIF. From and after the Commencement Date, the PIF shall be imposed on all PIF Sales within the Property as follows:

A. Every Retailer shall collect from every Purchaser in each PIF Sale by such Retailer, in its capacity as a Retailer, and remit to the PIF Collection Agent, the PIF due with respect to such transaction in accordance with this PIF Covenant. To the extent this PIF Covenant does not address any procedural matters relating to the collection of the PIF by Retailers and such matters are not established by the PIF Collection Agent in accordance with Section 4, the provisions of the Sales Tax Ordinance relating to the collection of Sales Tax shall apply to the collection of the PIF.

B. Every Owner or Occupant who leases or subleases any portion of its Owned/Leased Property to a Retailer, or who permits a Retailer to occupy any portion of its Owned/Leased Property by license, concession, or otherwise, shall expressly require, pursuant to the Occupancy Agreement by virtue of which such Retailer is given the right to possess or occupy such portion of the Property, that such Retailer collect the PIF from each Purchaser in each PIF Sale by such Retailer and remit the PIF to the PIF Collection Agent in accordance with the terms of this PIF Covenant.

C. If the initial PIF Collection Agent no longer acts as the PIF Collection Agent, Declarant shall appoint a new PIF Collection Agent, in which case Declarant shall provide, or cause to be provided to, each Retailer written notice containing the name and address of the new PIF Collection Agent. Each Retailer shall be entitled to rely upon such written notice of the designation of the new PIF Collection Agent.

D. Declarant may increase or decrease the amount of, continue, terminate or otherwise modify the Add-On PM only in accordance with the provisions of the Redevelopment Agreement. To the extent that the Redevelopment Agreement has terminated in accordance with its terms or is no longer in full force and effect, Declarant may increase or decrease the amount of, continue, terminate or otherwise modify the Add-On PIF in Declarant's sole and absolute discretion, subject to Section 14.

Section 3. Imposition of PIF.

A. Each Retailer shall collect and remit to the PIF Collection Agent the PIF for all PIF Sales that occur within the Property from and after the Commencement Date. Each Retailer shall have the right to make or apply adjustments, exemptions, credits and rebates to the PIF to the same extent adjustments, exemptions, credits and rebates may be made to the Sales Tax payable under the Sales Tax Ordinance. If an adjustment results in a refund of such PIF, such Retailer shall process the refund or credit for such adjusted PIF in a manner substantially similar to the process used and required by the Town for an adjustment of Sales Tax. Such Retailer may claim any credit or refund in the next monthly reporting period by use of the standard reporting and remittance forms. Each Occupant who is a Retailer shall provide Declarant, the PIF Collection Agent, the Town and the PIF Receiving Party with its name and address prior to conducting any business on the Property, and each Occupant shall promptly provide Declarant, PIF Collection Agent, the Town and the PIF Receiving Party with the name and address of each Retailer upon entering into any Occupancy Agreement by which the Retailer is granted the right to possess or occupy a portion of the Property.

Section 4. PIF Sales Information. The PIF Collection Agent shall establish and circulate to all Retailers uniform written information relating to the calculation, payment and reporting of PIFs, including (i) uniform guidelines specifying the scope of the definition of PIF Sales for the purposes of calculating the PIF hereunder, and (ii) any collection and reporting procedures which procedures shall take effect no earlier than thirty (30) days after written notice has been provided to all Retailers. Each Retailer shall be entitled to rely on the information provided by the PIF Collection Agent for purposes of compliance with this PIF Covenant. The PIF Collection Agent shall also promptly notify all Retailers of any procedures that the Retailers must follow with respect to informing Purchasers of the PIF, as such procedures are established in order to comply with applicable laws or reasonable business practices.

Section 5. Calculation, Payment and Reporting of PIF.

A. Whether or not collected from Purchasers, each Retailer shall, on a monthly basis, pay directly to the PIF Collection Agent all PIFs imposed hereunder on all PIF Sales occurring during the immediately preceding month from or within the Owned/Lease Property occupied by such Retailer during such period. All PIFs shall be due and payable by each Retailer

to the PIF Collection Agent without notice on the date required for payment of the Sales Tax under the Sales Tax Ordinance.

B. Each Retailer that is required to collect the PIF shall report all PIF Sales and remit the PIFs thereon to the PIF Collection Agent on a monthly basis at the same time that the Retailer reports and remits the Sales Tax to the Town, employing reporting forms (collectively, the “PIF Reports”) and following procedures provided by the PIF Collection Agent that are intended to be substantially similar to those used and required by the Town for the remittance of the Sales Tax. The PIF shall be calculated and imposed on each PIF Sales transaction and added to the sales price of such PIF Sales prior to the calculation and assessment of any Town, County, or State sales tax, including the Sales Tax, and before any sales taxes of any other taxing entity required to be imposed by law. The Sales Tax and all other sales taxes of the Town, County, the State and other taxing entities shall, to the extent that such sales taxes apply to the PIF Sales transaction, be calculated and assessed on the sum of the PIF Sales price plus the amount of the PIF.

C. Declarant hereby acknowledges, and any other Owner (by acquiring fee title to any portion of the Property subject to this PIF Covenant) and any Occupant (by acquiring the right to possess or occupy any portion of the Property subject to this PIF Covenant) and each Retailer (by acquiring the right to possess or occupy any portion of the PIF Property subject to this PIF Covenant) shall be deemed to have acknowledged, and each Owner and Occupant shall cause any Retailer whom such Owner or Occupant permits to possess or occupy any portion of its Owned/Leased Property to acknowledge in writing, prior to conducting business on any Owned/Leased Property, that the PIF is not a tax in any form and that the authority of the PIF Collection Agent to receive the PIF is derived through this PIF Covenant.

D. The PIF Collection Agent shall promptly notify in writing each Retailer of the name and address of the PIF Collection Agent and provide appropriate directions for payment and reporting of the PIFs. For purposes of compliance with this Section 5, each Retailer shall be entitled to rely upon such written notice of the designation of the PIF Collection Agent.

E. No provision of this PIF Covenant shall be construed or applied to alter, modify, limit or affect the Sales Tax or any other sales taxes that may be imposed by the Town, County or State, or any other applicable taxing authority.

Section 6. Additional Reporting Requirements.

A. Each Retailer shall, with respect to that portion of the Owned/Leased Property occupied by such Retailer, deliver to the PIF Collection Agent, along with the PIF Reports, true and complete copies of all written reports, returns, statements, records and declarations, including any supplements or amendments thereto made or provided to the Town, the County or the State by such Retailer in connection with all sales taxes for the corresponding sales tax period (collectively, the “Sales Tax Reports”), at the same time such Sales Tax Reports are delivered to the Town, the County or the State.

B. If any subsequent adjustments, additions or modifications are made by a Retailer to any sales taxes reported in such Sales Tax Reports, such Retailer shall provide the PIF

Collection Agent with true and complete copies of all revised PIF Reports and Sales Tax Reports and any other information issued or filed by such Retailer in regard thereto. If any such adjustments include the amount of the PIF which a Retailer is required to remit or pay or results in a refund of such PIF, such Retailer shall process and pay such adjusted PIF in a manner substantially similar to the process used and required by the Town for an adjustment with respect to the Sales Tax. Such Retailer shall claim any credit or refund or shall pay such additional PIF in the next monthly reporting period by use of the standard reporting and remittance forms.

C. All PIF Reports and Sales Tax Reports made or provided by a Retailer shall be maintained by such Retailer for at least three (3) years from the date of submission thereof to the PIF Collection Agent, the Town, the County and/or the State and, upon written request, such Retailer shall make available to the PIF Collection Agent and, so long as the Redevelopment Agreement remains in effect, to the Town for inspection and audit.

D. All Sales Tax Reports received by the PIF Collection Agent shall remain confidential and shall be used by the PIF Collection Agent and its employees, agents and consultants only for purposes of collecting the PIF, enforcing the obligations of any Retailer hereunder, and monitoring compliance with the provisions of this PIF Covenant, unless otherwise required to be made public by law or to be made available to others pursuant to this PIF Covenant.

E. Any Person not otherwise entitled pursuant to this PIF Covenant to receive Sales Tax Reports shall sign, prior to receiving such Sales Tax Reports, a confidentiality agreement, which confidentiality agreement shall prohibit without exception the disclosure of the information contained in, collected to be contained in, or of the type normally contained in Sales Tax Reports to any Person not otherwise entitled pursuant to this PIF Covenant to receive such Sales Tax Reports or the information contained therein. The PIF Receiving Party shall be responsible for having such confidentiality agreement executed by the appropriate Person receiving such Sales Tax Reports, but the PIF Receiving Party, in its sole discretion, may delegate such responsibility to the PIF Collection Agent.

F. Notwithstanding anything to the contrary in this PIF Covenant, the PIF Collection Agent may aggregate data it receives in the Sales Tax Reports and include such aggregated data in reports that are delivered to the PIF Receiving Party, Declarant, and the Town, provided the aggregated data is anonymized such that it is not associated with any individual Retailer in the reports.

Section 7. Audits and Release of Information by Collection Agent.

A. By acquiring a possessory interest in and to any portion of the Owned/Leased Property that is subject to the terms and conditions of this PIF Covenant, each Retailer hereby specifically authorizes the PIF Collection Agent, the Town or Declarant, and any accountant or financial consultant designated by any of them (collectively, and in such capacity, the "Auditor") to audit its books and records with respect to that portion of the Owned/Leased Property occupied by such Retailer to determine compliance with the PIF collection and remittance obligations of such Retailer under this PIF Covenant; provided, however, that no Auditor may be engaged on a contingency-based compensation system. Each Retailer agrees to release to the Auditor any PIF Reports, Sales Tax Reports and other documents delivered to the Town or the PIF

Collection Agent by the Retailer that are related to such Retailer's PIF Sales within the Owned/Leased Property.

B. All information released to or gathered by the Auditor in connection with the audit shall be confidential information ("Confidential Information"). Any Auditor shall be entitled to share Confidential Information with any other Person entitled to conduct an audit pursuant to this Section 7 and each Retailer is expressly deemed to authorize the release of such Confidential Information as provided in this Section 7. All Confidential Information shall be deemed proprietary to each respective Retailer, shall be kept strictly confidential, and shall not be disclosed or otherwise published by the Auditor or any Person to whom the Auditor releases Confidential Information, except for such disclosures or publications as may be required by law or required or permitted by this PIF Covenant. Each Retailer shall be protected by, and may rely on, the confidentiality provisions set forth in this PIF Covenant; provided, however, that notwithstanding anything in this PIF Covenant to the contrary, unless otherwise prohibited or restricted by law, the PIF Collection Agent is authorized to disclose information regarding specific PIF collections and PIF Sales transactions of individual Retailers to any lender or other entity providing financing secured by PIF Revenues.

C. Any Person not otherwise entitled pursuant to this PIF Covenant to receive Confidential Information shall sign, prior to receiving such Confidential Information, a confidentiality agreement, which confidentiality agreement shall prohibit without exception the disclosure of the information contained in, collected to be contained in, or of the type normally contained in Confidential Information to any Person not otherwise entitled pursuant to this PIF Covenant to receive such Confidential Information or the information contained therein. The PIF Receiving Party shall be responsible for having such confidentiality agreement executed by the appropriate Person receiving such Confidential Information, but the PIF Receiving Party, in its sole discretion, may delegate such responsibility to the PIF Collection Agent or the Auditor.

Section 8. Compliance and Enforcement.

A. Each Retailer shall comply with all policies and requirements of the PIF Collection Agent regarding the collection and remittance of Public Improvement Fees and notification to Purchasers of the imposition and collection of the PIF as such policies and requirements are communicated by the PIF Collection Agent to each Retailer in writing from time to time. The failure or refusal of any Retailer to impose, collect or remit the PIF, or to comply with the requirements concerning notification to Purchasers as required in this PIF Covenant, shall constitute a default by such Retailer under the terms of this PIF Covenant. The PIF Collection Agent, PIF Receiving Party, the Town, any designated successors of any of them, and any other Person expressly designated in writing by the PIF Receiving Party, are expressly made third party beneficiaries of each Owner's, Occupant's and Retailer's obligations under this PIF Covenant, including without limitation the assessment, imposition, collection and remittance of the PIF.

B. Declarant hereby acknowledges, and any other Owner (by acquiring fee title to any portion of the Property subject to this PIF Covenant) and any Occupant (by acquiring the right to possess or occupy any portion of the Property subject to this PIF Covenant) and each Retailer (by acquiring the right to possess or occupy any portion of the PIF Property subject to this PIF Covenant) shall be deemed to have acknowledged, and each Owner and Occupant shall cause

any Retailer whom such Owner or Occupant authorizes to possess or occupy any portion of its Owned/Leased Property to acknowledge in writing, that the PIF Collection Agent, PIF Receiving Party, Town and Declarant shall have a direct cause of action and full right and authority to enforce each Retailer's obligations under this PIF Covenant, and that no default under any provision of the Occupancy Agreement Pursuant to which a Retailer occupies any portion of such Owned/Leased Property shall entitle any Occupant or Retailer to any offset, deduction or other defense to a payment of all PIFs due hereunder.

C. If any Retailer does not pay to the PIF Collection Agent any PIFs when due under this PIF Covenant, such PIFs shall bear interest at the Default Rate and shall be subject to a late fee imposed in the discretion of the PIF Collection Agent or PIF Receiving Party, from time to time, in an amount not to exceed the greater of One Hundred Dollars (\$100) or ten percent (10%) of the amount due. Any Retailer who fails to make timely remittance of any PIFs shall pay, or reimburse the PIF Collection Agent for, all costs of enforcement and collection thereof, including reasonable attorney's fees.

D. Notwithstanding anything to the contrary contained in this PIF Covenant, Declarant, the PIF Receiving Party, the Town and the PIF Collection Agent or any Person designated by any of them (each, an "Enforcing Party") shall have the right to enforce all provisions of this PIF Covenant against any Retailer that fails to comply with any terms or conditions of this PIF Covenant. An Enforcing Party shall also be awarded and recover from any defaulting Retailer all reasonable costs and expenses incurred by such Enforcing Party in successfully enforcing the obligations of such Retailer under this PIF Covenant in any legal proceeding brought or defended by such Enforcing Party.

Section 9. Use of PIFs. The PIF Revenues generated pursuant to this PIF Covenant shall be collected by the PIF Collection Agent and disbursed in accordance with the terms and provisions of the Redevelopment Agreement. To the extent that the Redevelopment Agreement is no longer in full force and effect, the PIF Revenues shall be disbursed at the written direction of the PIF Receiving Party.

Section 10. Dominion and Control.

A. The PIF Receiving Party shall have all right, title and interest and shall be deemed to possess all dominion and control over and ownership interest in the PIFs and PIF Revenue, provided that the use of such PIF Revenue is subject to the limitations of Section 9.

B. SUBJECT TO THE EXPRESS TERMS OF THIS SECTION 10, IT IS INTENDED AND HEREBY DECLARED THAT (I) THE PIF IS A CHARGE IMPOSED ON ALL PIF SALES ON THE PROPERTY FOR THE PURPOSES STATED HEREIN AND IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THE REDEVELOPMENT AGREEMENT; (II) THE NATURE OF THE PIF IS THAT OF A FEE IMPOSED BY PRIVATE COVENANT FOR THE BENEFIT OF THE PROPERTY AND THE PIF RECEIVING PARTY AND NOT THROUGH THE EXERCISE OF ANY POWER BY THE TOWN OR ANY OTHER PUBLIC TAXING AUTHORITY; (III) PIFS ARE NOT TAX REVENUES IN ANY FORM; AND (IV) ALL PIF REVENUE RECEIVED BY THE RECEIVING PARTY WILL BE USED TO FINANCE OR REIMBURSE THE COSTS OF DEVELOPING THE PROPERTY, SUBJECT

TO THE TERMS AND PROVISIONS OF THE REDEVELOPMENT AGREEMENT. Declarant hereby acknowledges the foregoing, and any other Owner (by acquiring fee title to any portion of the Property subject to this PIF Covenant) and any Occupant (by acquiring the right to possess or occupy any portion of the Property subject to this PIF Covenant) and each Retailer (by acquiring the right to possess or occupy any portion of the PIF Property subject to this PIF Covenant) shall be deemed to have acknowledged the foregoing, and each Owner and Occupant shall cause any Retailer whom such Owner or Occupant permits to possess or occupy any portion of its Owned/Leased Property to acknowledge the foregoing in writing, prior to conducting any business on any Owned/Leased Property.

Section 11. Governing Law. This PIF Covenant shall be governed by, and enforced in accordance with, the laws of the State. Venue for any judicial action to interpret or enforce this PIF Covenant shall only be in the Douglas County District Court of the Eighteenth Judicial District of Colorado.

Section 12. Covenants Run with the Land. The covenants, agreements, promises, and duties as set forth in this PIF Covenant shall run with the Property and be enforceable against both the covenantors and the Property, and shall constitute equitable servitudes burdening both the respective covenantor and its Property for the benefit of the respective covenantee. Each covenant to do or refrain from doing some act on or with respect to activities on any portion of the Property under this PIF Covenant (i) is a burden upon such portion of the Property and is for the benefit of the remainder of the Property, (ii) shall be a covenant running with the land with respect to both the burdened and benefited portions of the Property and (iii) shall be binding upon each Owner, Occupant and Retailer and each successor and assign to their respective interests in the Property and shall inure to the benefit of Declarant and, as set forth herein, to the other parties authorized to enforce this PIF Covenant. If and to the extent that any of the covenants or other provisions herein would otherwise be unlawful or void for violation of (i) the rule against perpetuities, (ii) the rule restricting restraints on alienation, or (iii) any other applicable statute or common law rule analogous thereto or otherwise imposing limitations upon the time for which such covenants may be valid, then the provisions concerned shall continue and endure only until the expiration of a period of ninety (90) years after the Commencement Date, or if applicable, the maximum period of time allowed pursuant to C.R. S. §15-11-1102.5.

Section 13. Severability. Invalidation of any of the provisions contained in this PIF Covenant, or of the application thereof to any Person by judgment or court order, shall in no way affect any of the other provisions of this PIF Covenant or the application thereof to any other Person or circumstance, and the remainder of this PIF Covenant shall remain in effect; provided, however, that in the event such invalidation would render the remaining portions of this PIF Covenant ineffective to carry out the intentions of Declarant as expressed or implied by this PIF Covenant, then the objectionable provision hereof shall be construed, and this PIF Covenant shall be presumed amended, as if such provision was replaced with an enforceable provision which effectuates, as nearly as possible, the intentions of Declarant.

Section 14. Amendments. Except as hereinafter provided, Declarant shall be entitled to amend the provisions of this PIF Covenant without the consent of any Owner, and to record any such amendment in the real property records of the County, even if any portion of the Property is not then owned by Declarant. Notwithstanding the foregoing, (i) so long as the Redevelopment

Agreement is in effect, this PIF Covenant shall not be amended, modified or waived except with the express written consent of the Town, and (ii) Declarant shall not record an amendment against any portion of the Property not owned by Declarant without the consent of the then-current Owner (which consent shall not be unreasonably withheld, conditioned or delayed) if the amendment would materially or adversely affect the portion of the Property owned by that Owner. Any purposed amendment, modification or waiver of this PIF Covenant that is not in accordance with this Section 14 hereof shall be void and of no force and effect.

Section 15. No Operating Covenant. This PIF Covenant is not intended to, and does not, create or impose any obligation on an Owner or Retailer to operate, continuously operate, or cause to be operated a business or any particular business on the Property. If such an obligation exists in any other agreement, this PIF Covenant is not intended to and does not limit or enlarge each other obligation.

Section 16. Assignment; Successor Declarant. Declarant may assign its right, title and interest in and to this PIF Covenant to any Person (“Assignment”) and such Assignment shall be effective immediately upon recording a document in the real property records for the County evidencing such Assignment; provided, however, that so long as the Redevelopment Agreement remains in effect, any such assignee shall agree to be bound by the terms and provisions set forth in the Redevelopment Agreement relating to the PIF Covenant and the use of the PIF Revenues..

Section 17. Recitals. The Recitals shall be deemed incorporated into the terms and conditions of this PIF Covenant as if fully set forth herein.

Section 18. CCIOA Exemption. Declarant does not intend that recording of this PIF Covenant or that imposition of the PIF or that collection and utilization of the PIF Revenue shall create or be construed to create a “common interest community” within the meaning of the Colorado Common Interest Ownership Act codified at C.R.S. §§ 38-33.1-101, et seq., as amended. The obligations of any Owner, Occupant or Retailer under this PIF Covenant do not constitute any obligation to pay for real estate taxes, insurance premiums, maintenance, or improvement of any real property.

Section 19. Town Rights. So long as the Redevelopment Agreement is in full force and effect, the Town shall have the rights set forth herein and shall be deemed to be a third-party beneficiary hereunder. Notwithstanding any provisions to the contrary contained herein, to the extent that the Redevelopment Agreement has been terminated or is no longer in full force and effect, the Town shall no longer be deemed to be a third-party beneficiary hereunder and shall no longer have the right to receive reports, audit records, approve amendments hereof or otherwise enforce the terms and provisions of this PIF Covenant.

IN WITNESS WHEREOF, Declarant has executed this PIF Covenant as of the date first set forth above.

CASTLE ROCK DEVELOPMENT, LLC,
a Colorado limited liability company

By: _____
Name: Douglas J. Compton
Title: Co-Manager

By: _____
Name: Jason Swords
Title: Co-Manager

By: _____
Name: Michael L. Treanor
Title: Co-Manager

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing was acknowledged before me this _____ day of _____, 202__,
by Douglas J. Compton, as Co-Manager for Castle Rock Development, LLC, a Colorado limited
liability company.

WITNESS my hand and official seal.

Notary Public for the State of _____

My Commission Expires: _____

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing was acknowledged before me this _____ day of _____, 202__,
by Jason Swords, as Co-Manager for Castle Rock Development, LLC, a Colorado limited liability
company.

WITNESS my hand and official seal.

Notary Public for the State of _____

My Commission Expires: _____

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing was acknowledged before me this _____ day of _____, 202__,
by Michael L. Treanor, as Co-Manager for Castle Rock Development, LLC, a Colorado limited
liability company.

WITNESS my hand and official seal.

Notary Public for the State of _____

My Commission Expires: _____

EXHIBIT A
LEGAL DESCRIPTION OF THE PROPERTY

Lots 7 through 12 inclusive, Block 3, Town of Castle Rock; and Lots 13 through 16 inclusive, Block 11, Wilcox Addition to the Town of Castle Rock; together with that part of vacated Seventh Street between the East line of Jerry Street to the West line of the alley in Block 3, Town of Castle Rock and Block 11, Wilcox Addition to the Town of Castle Rock;

AND TOGETHER with the portion of vacated Jerry Street described as follows:

The East 15 feet of Jerry Street from the South line of Lot 10, Block 3, Town of Castle Rock, Northerly to the North line of Lot 16, Block 11, Wilcox Addition to the Town of Castle Rock,
All in County of Douglas, State of Colorado.

Exhibit 5

Project Fees

[See attachment]

THE VIEW PROJECT PERMIT FEE ESTIMATES

VALUATION BUILDING:	\$	50,000,000.00
VALUATION SITE WORK:	\$	812,000.00
VALUATION SITE WORK (PRIVATE):	\$	812,000.00
BUILDING SOFT		241,870
OFFICE		14,310
RETAIL		5,000
# MF UNITS		221
TAP SIZE	3"	
IRRIGATION		

CON PERMIT ISSUANCE (DEVELOPER):	\$	34,653.00
TESC PERMIT (DEVELOPER):	\$	1,200.00
BUILDING PERMIT APPLICATION (DEVELOPER):	\$	119,898.19
BUILDING PERMIT ISSUANCE (DEVELOPER):	\$	2,374,001.20
DEVELOPER AT IRRIGATION PERMIT ISSUANCE:	\$	38,692.07
DEFERRED PAYMENT (DDA SPECIAL FUND)	\$	3,000,000.00
TOTAL PROJECT COST:	\$	5,568,444.46

FEE CATEGORY	BUILDING PERMIT			DEFERRED FEES (DDA SPECIAL FUND)
	3" TAP 2021 FEES	DUE AT APPLICATION (DEVELOPER)	DUE AT PERMIT ISSUANCE (DEVELOPER)	
BUILDING PERMIT FEE	\$ 184,458.75	\$ -	\$ 87,331.80	\$ 97,126.95
PLAN CHECK FEE	\$ 119,898.19	\$ 119,898.19	\$ -	\$ -
ADMIN COST RECOVERY	\$ 24,050.80	\$ -	\$ -	\$ 24,050.80
FIRE DEPARTMENT PLAN REVIEW	\$ 16,294.78	\$ -	\$ -	\$ 16,294.78
USE TAX (CR)	\$ 1,000,000.00	\$ -	\$ 1,000,000.00	\$ -
USE TAX (DOUGCO)	\$ 250,000.00	\$ -	\$ 250,000.00	\$ -
PARKS AND RECREATION IMPACT	\$ 1,036,048.00	\$ -	\$ -	\$ 1,036,048.00
MUNI FAC IMPACT	\$ 55,886.63	\$ -	\$ -	\$ 55,886.63
FIRE IMPACT	\$ 171,347.13	\$ -	\$ -	\$ 171,347.13
POLICE IMPACT	\$ 84,415.09	\$ -	\$ -	\$ 84,415.09
TRANSPORT IMPACT	\$ 1,514,830.62	\$ -	\$ -	\$ 1,514,830.62
STORMWATER SFD (PLUM CREEK)	\$ 203,139.33	\$ -	\$ 203,139.33	\$ -
WATER SYSTEM (PER SFE)	\$ 67,187.00	\$ -	\$ 67,187.00	\$ -
RENEWABLE WATER (PER SFE)	\$ 308,536.00	\$ -	\$ 308,536.00	\$ -
WASTEWATER (PER SFE)	\$ 67,063.00	\$ -	\$ 67,063.00	\$ -
METER SET (SINGLE PORT INDOOR USED)	\$ 2,189.07	\$ -	\$ 2,189.07	\$ -
PUBLIC LAND DEDICATION	\$ 388,555.00	\$ -	\$ 388,555.00	\$ -
TOTAL BY TAP SIZE:	\$ 5,493,899.39	\$ 119,898.19	\$ 2,374,001.20	\$ 3,000,000.00

NEED UPDATED FIGURE

IRRIGATION PERMIT
2021 - COULD BE 2022 IF PERMIT IS PULLED IN 2022
BUILDING PERMIT FOOTER (DUE AT EACH STAGE SUMMED): \$ 5,493,899.39
NET DIFFERENCE: \$ -

FEE CATEGORY	1" TAP	3/4" TAP
IRRIGATION WATER SYSTEM (PER SFE)	\$ 6,731.00	\$ 4,030.00
IRRIGATION RENEWABLE WATER (PER SFE)	\$ 30,909.00	\$ 18,504.00
IRRIGATION PERMIT	\$ 555.00	\$ 555.00
IRRIGATION METER SET (SINGLE PORT OUTDOOR USED)	\$ 497.07	\$ 425.76
TOTAL:	\$ 38,692.07	\$ 23,514.76

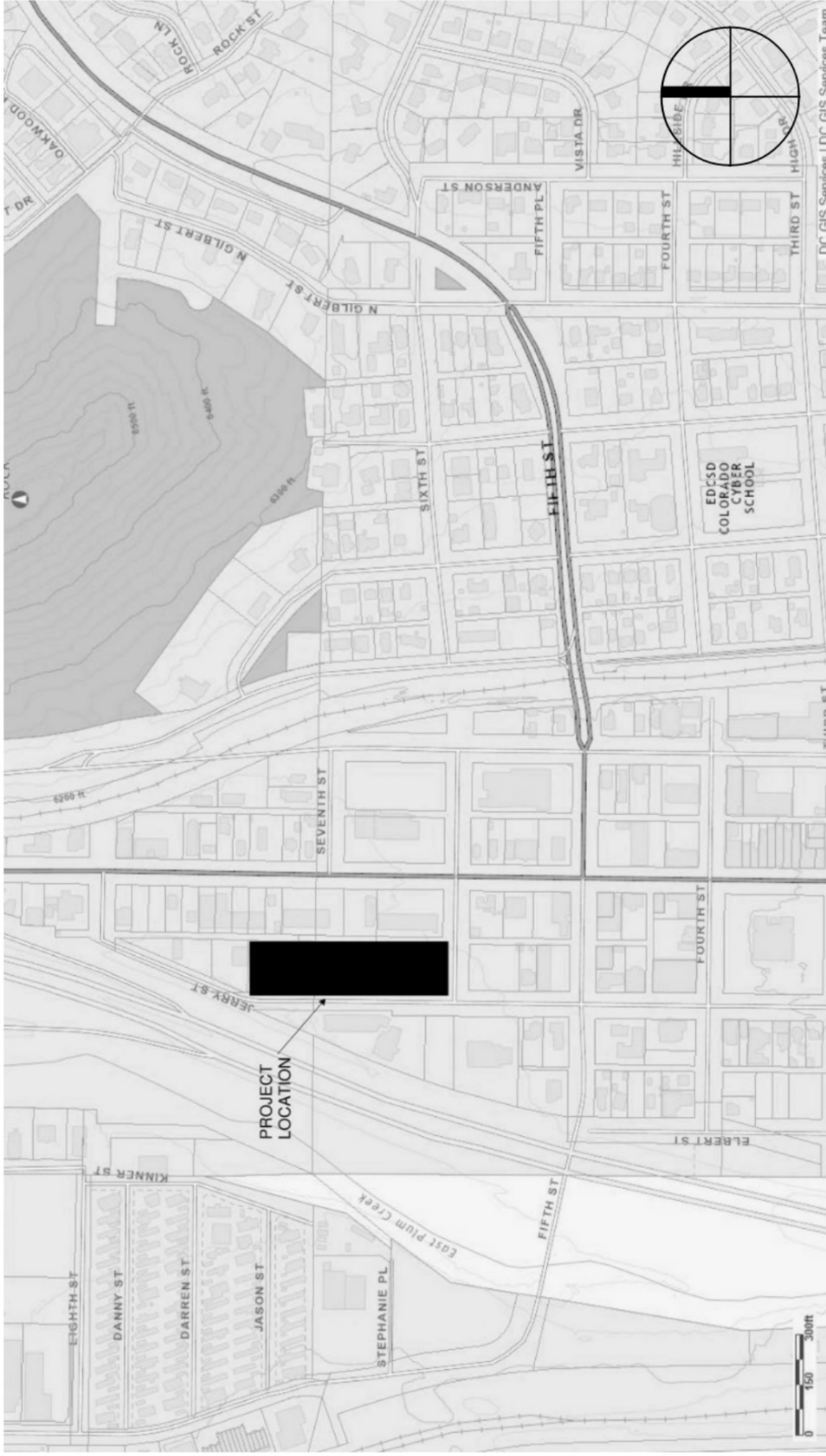
CONSTRUCTION PERMIT	
FEE CATEGORY	2021
CONSTRUCTION PERMIT	\$ 14,353.00
USE TAX (CR)	\$ 16,240.00
USE TAX (DOUGCO)	\$ 4,060.00
TOTAL:	\$ 34,653.00

TESC PERMIT	
FEE CATEGORY	2021
TESC PERMIT (LESS THAN 5 ACRES)	\$ 1,200.00
TOTAL:	\$ 1,200.00

Exhibit 6

Map of Project Property

[See attachment]



LOCATION MAP

Exhibit 7

Legal Description of Project Property

Lots 7 through 12 inclusive, Block 3, Town of Castle Rock; and Lots 13 through 16 inclusive, Block 11, Wilcox Addition to the Town of Castle Rock; together with that part of vacated Seventh Street between the East line of Jerry Street to the West line of the alley in Block 3, Town of Castle Rock and Block 11, Wilcox Addition to the Town of Castle Rock;

AND TOGETHER with the portion of vacated Jerry Street described as follows:

The East 15 feet of Jerry Street from the South line of Lot 10, Block 3, Town of Castle Rock, Northerly to the North line of Lot 16, Block 11, Wilcox Addition to the Town of Castle Rock, All in County of Douglas, State of Colorado.