URBAN RENEWAL AGREEMENT FOR REDEVELOPMENT
OF GOLD HILL MESA PROPERTY

THIS AGREEMENT (the "Agreement"), is made as of the day of _____, 2005, by and between THE URBAN RENEWAL AUTHORITY OF THE CITY OF COLORADO SPRINGS, COLORADO, a body corporate and politic of the State of Colorado (the "Authority"), and, GOLD HILL MESA PARTNERS, LLC, (the "Redeveloper") for the redevelopment of the Gold Hill Mesa Property.

RECITALS

A. The Authority is an Urban Renewal Authority formed and created by the City Council, City of Colorado Springs, County of El Paso, Colorado.

B. Gold Hill Mesa Partners LLC (the "Owner") is the owner of that certain 210 acres of real property located in Colorado Springs, El Paso County, Colorado which is known as Gold Hill Mesa ("Gold Hill" or "Project") and which is legally described on the attached Exhibit A. The property is located within the boundaries of the Gold Hill Urban Renewal Plan as recorded on July 29, 2005, at reception number 205116076 of the El Paso County Colorado records.

C. The Redeveloper intends to develop Gold Hill in accordance with the Concept Plan, Development Plan and Construction Development Documents, copies of which are attached to this Agreement. Additionally, a Service Plan is in the process of being prepared and when completed, the terms of that Service Plan will be incorporated in this Agreement.

D. The Project is located within the boundaries of Gold Hill Mesa Metropolitan District No. 1, Gold Hill Mesa Metropolitan District No. 2, and the proposed Gold Hill Mesa Metropolitan District No. 3 (the "Districts"). District No. 1 is a management district and District No. 2 contains the future residential properties and the proposed District No. 3 will contain the commercial properties.

E. The Districts and the City of Colorado Springs will enter into separate agreements with the Authority providing for the implementation of Tax Increment Financing ("TIF") of public improvements to be financed by the Districts whereby some or all of the increases in property taxes and/or sales taxes as a result of the redevelopment of the Project will be passed from the Authority to the Districts and/or Redeveloper in order to meet the objectives of the Gold Hill Mesa Urban Renewal Plan by payment of Actual Reimbursable Project Costs as defined in Exhibit C for construction of certain public improvements.

F. The public improvements consist of certain water and sewer line extensions, roads, drainage facilities, environmental mitigation, and park and recreation facilities all as set forth in the approved and amended Service Plan**,** the Concept Plan and the Development Plan on file with the City of Colorado Springs.

G. The parties to this Agreement intend to cooperate with each other in the redevelopment of the Project.

NOW THEREFORE, based upon the mutual covenants and considerations contained herein, the parties agree as follows:

1. **PURPOSE**

The purpose of the Agreement is to further the goals and objectives of the Colorado Urban Renewal Law, Colorado Revised Statutes 31-25-101 et seq. (the "Act") and the Urban Renewal Plan adopted and approved by the City of Colorado Springs on the 25th day of May, 2004, for the Project by eliminating blight and providing for the redevelopment of the Project. The Authority has determined that this Agreement and the Redevelopment of the Project as described in the Service Plan, Concept Plan and Development Plan are consistent with and conform to the Urban Renewal Plan and the public purposes and provisions of applicable state and local laws, including the Act. Specifically, but without limitation, this Agreement is intended to promote and facilitate the following objectives:

(a) Encourage and protect existing development of the Project;

(b) Renew and improve the character and environment of the Project;

(c) Enhance the current sales tax base and property tax base of the Project;

(d) Provide the incentives necessary to induce private redevelopment of the Property;

(e) Effectively use undeveloped land within the Project;

(f) Encourage financially successful projects within Gold Hill;

(g) Stabilize and upgrade property values within the Project;

(h) Accommodate and provide for the voluntary environmental clean up of the Project;

(i) Promote improved traffic, public transportation, public utilities, recreational and community facilities within the Project area and related off site areas;

(j) Promote the participation of existing owners in the revitalization and redevelopment of the Project.

2. **DESCRIPTION OF REDEVELOPMENT AND PUBLIC IMPROVEMENTS**

Redevelopment of the Project will occur in phases as set forth in the map attached

as Exhibit F. The Redeveloper expects to plat and construct appropriate infrastructure for a total of at least 877 residential lots. Commercial development will take place in the future and will be compromised of all commercial development on the Property, including office and retail uses. Redevelopment shall take place as depicted on the Concept Plan, Service Plan and Development Plan according to the Design Development Documents and Construction Documents.

Redeveloper shall construct on the Project the Improvements described in Exhibit B ("Public Improvements" or "Improvements"). Subject to the terms and conditions of this Agreement, the Redeveloper agrees to finance and to construct, or, cause to be constructed, all Public Improvements necessary to develop the Project. All construction required of the parties by the Agreement shall be undertaken and completed in accordance with the, Design Standards, the Design Development Documents, the Construction Documents, all applicable laws and regulations, including City codes and ordinances, the Urban Renewal Plan and shall be performed in accordance with and subject to the terms and conditions of this Agreement as it may be amended.

3. VCUP

On December 20, 2002, the Owner received a Voluntary Cleanup ("VCUP") approval to develop the Project. The enabling legislation was the 1994 law, referred as the Brownfields law that was designed to resolve environmental issues that were not serious enough to be handled at the federal level. The state approval followed a long series of tests including a Phase I Environmental Assessment, Final Limited Phase II Subsurface Investigation, Supplemental Environmental Assessment Report, Results of the Environmental Liability Assessment, and of Gold Hill Mesa Report (a report for the EPA), and a Human Health Risk Assessment Study. The approval letter essentially states that if the plan is implemented it will not pose a risk to health and safety.

4. PREPARATION OF THE PROJECT FOR REDEVELOPMENT

4.1 Zoning. The Redeveloper has applied for and received such zoning changes as are required to carry out the terms of the Authority approval.

4.2 Public Improvements. The Redeveloper shall design and construct the Public Improvements for the Project within a reasonable period of time. With respect to each Phase, the Redeveloper shall construct, in the public right-of-way and/or easements, all mains and lines necessary for the Public Improvements and necessary to provide water, sanitary sewer, storm sewer, natural gas and electricity for the Improvements. The construction and installation of such utilities shall conform with the requirements of all applicable laws and ordinances. The Redeveloper shall also be responsible for the

relocation, design and construction and relocation of all new public streets, utilities, sidewalks, alleys, landscaping and street lighting within the public right-of-way shown in the Design Development Documents. The Redeveloper shall be responsible for the design, construction and cost, if any, of utility and service lines necessary for the construction of the Public Improvements within the Project, tap connection fees and other City requirements, including the cost of extending such utility lines from the Public Improvements to the mains in the public right-of-way. The Redeveloper shall be responsible for construction of improvements to existing facilities or improvements and construction of new facilities or improvements on locations outside the boundaries of the Urban Renewal Area as may be required by governmental authorities.

4.3 Access to Project. At all reasonable times, either party shall permit representatives of the other to have access to any part of the Project for the purpose of installing signs, obtaining data, making tests, surveys, borings, engineering studies, carrying out or determining compliance with this Agreement, the Urban Renewal Plan or any City code or ordinance, including, but not limited to, inspection of any work being conducted on such Project. Any such access or inspection shall not interfere with the use of such Project or construction of the Public Improvements. No compensation shall be payable to the parties nor shall any charge be made in any form by any party for the access provided in this section. A party entering upon such Project pursuant to this section shall restore such Project to its condition prior to any tests or inspections made by such party and shall indemnify and hold harmless the party owning such Project for any loss or damage or claim for loss or damage (including reasonable legal fees) resulting from any such entrance, tests or surveys (but this indemnity shall not apply to conditions existing on such Project at the time of such entry, even where such condition was discovered by virtue of the entry).

4.4 Replat and Dedications. The Authority is not requiring the Redeveloper to replat or resubdivide the Project, but the Redeveloper agrees to comply with all applicable City codes, ordinances and planning requirements with regard to redevelopment of the Project and construction of the Public Improvements, including, if required by the City, to replat or resubdivide the Project. The Redeveloper shall dedicate, as appropriate, such utility and drainage easements required to properly carry out and maintain the Public Improvements.

4.5 Antidiscrimination. The Redeveloper agrees that in the construction and use of the Public Improvements required by this Agreement, the Redeveloper will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, ancestry or national origin.

4.6 Signage. As soon as reasonably practicable, and until completion of construction, the Redeveloper shall display temporary signage at the Project provided by the Authority and relating to the Authority's participation in the Project. Such signage

shall be connected to the primary signage identifying the Project and visible to the general public. In addition, the Redeveloper shall attach to the Public Improvements, at street level, or in or adjacent to a primary entrance to the Project, a permanent sign acceptable to the Authority not less than ninety (90) square inches acknowledging that the Project was financed and constructed in cooperation with the Authority.

5. PROJECT FINANCING

5.1 Redeveloper's Financing. Redeveloper may obtain financing commitments for land acquisition and construction of the Public Improvements which are acceptable to it and to the Authority. It is understood that Redeveloper has placed (or will place) the Project into a title District as a part of its financing for the Project. The Redeveloper shall deliver to the Authority evidence, in a form and substance acceptable to the Authority, of the debt and equity financing necessary to develop the Project and shall obtain the Authority's consent to such financing, which consent shall not be unreasonably withheld.

5.2 Authority Financing Residential Phases. The sole financing provided in residential phases by the Authority shall be the reimbursement of actual reimbursable project costs "Reimbursable Project Costs" from Incremental Property Taxes generated by the residential phases after the obligation of the School District is satisfied, in amounts as set forth in Exhibit C and such reimbursement shall be subject to this section. Reimbursable Project Costs in residential phases shall consist of those items described in Exhibit C, including interest on the aggregate balance due at the District bond rate.

5.3 Not later than sixty (60) days after completion of construction and acceptance of public improvements by the City of Colorado Springs, the Redeveloper/Districts shall provide to the Authority a payment request. The payment request shall indicate the aggregate Reimbursable Project Cost for the improvement completed and to be reimbursed by the Authority the aggregate balance due on all prior improvements completed and such other information as the Authority may from time to time reasonably require, including, but not limited to evidence satisfactory to the Authority of the proper application of past disbursements and evidence substantiating any and all of the Reimbursable Project Costs indicated in such notice. The payment request shall further include a certification by a professional agreed to by the parties that all Reimbursable Project Costs were actually incurred and not previously reimbursed to the Redeveloper/District pursuant to a payment request and that the improvements made therewith were constructed in compliance with applicable laws, ordinances and regulations, this Agreement, and the Urban Renewal Plan. Prior to payment, the Authority has the right to require adequate documentation of expenditures from the Redeveloper/District.

5.4 Authority Financing - **Commercial Phase**. The sole financing provided by the Authority in the commercial phase shall be the reimbursement of actual reimbursable project costs ("Reimbursable Project Costs") from incremental property taxes and from a percent of incremental sales taxes as allowed by the City of Colorado Springs that are generated by the commercial phase, after the obligation of the school district is satisfied. The parties agree that Reimbursable Project Costs in the commercial phase shall be negotiated at a future date and be reflected in an amendment to this contract.

5.5. Appointment of Trustee or Escrow Agent. Authority may, from time to time, designate one or more trustees or escrow agents to act as its collection and disbursing agent for incremental Property or Sales taxes. Redeveloper hereby consents to any such designation and any direction by the Authority to the trustee or escrow agent to deduct from disbursements to the Redeveloper, the Authority's redevelopment fees all as hereinafter set forth and the monies pledged to School District 11.

5.6 Authority's Reimbursement Obligation. The Authority's payment obligation under this section shall be limited to the amount of incremental Property and Sales taxes actually received and legally available for such purpose less any outstanding Redevelopment fees owing to the Authority and the amount of Incremental Property Taxes pledged to the School District as described in this Section. In the event there are insufficient incremental Property or Sales taxes to pay Reimbursable Project Costs in any one year, those expenses shall accrue and payment shall be made to Redeveloper when incremental Property or Sales taxes are available to pay such expenses. Nothing in this Agreement shall be construed to require the Authority to make any payments to the Redeveloper on a periodic and aggregate basis, in excess of such amount, or, in the aggregate, in excess of the maximum Reimbursable Project Costs described in Exhibit C to this Agreement. The Authority's payment obligation hereunder shall terminate on the termination date of the Urban Renewal Plan whether or not all Reimbursable Project Costs have been reimbursed. The Redeveloper acknowledges that the generation of incremental Property and Sales taxes is totally dependent upon the success of the Project and agrees that the Authority is in no way responsible for the amount of incremental Property and Sales taxes actually generated. The Redeveloper therefore agrees to assume the entire risk that insufficient incremental Property or Sales taxes will be generated to reimburse all Reimbursable Project Costs. Notwithstanding any other provision hereof, for purposes of this section, "Incremental Property and Sales Taxes" shall include all amounts paid to the Authority by the County Treasurer and the City of Colorado Springs. The Authority's payment obligation under this section will not commence until a Certificate of Completion for improvements has been issued by the Authority. It is understood and agreed that a Certificate of Completion shall not be issued by the Authority until after completion of construction and acceptance by the City of Colorado Springs of the improvement but in any event, within thirty (30) days after acceptance by the City of Colorado Springs.

5.7 Cooperation Regarding Financing. The parties agree to cooperate with one another in obtaining the Redeveloper's/Districts' Financing by providing one another with such information, certifications, assurances, opinions and by amending or modifying agreements, including this Agreement, as may be reasonably required in connection with such financing, provided, that neither party shall be required to make amendments or modifications that substantially or materially change the rights or obligations of the parties under the Agreement.

5.8 Redeveloper Fees to be paid to Authority. Upon execution of this Agreement, the Redeveloper shall pay to the Authority a non-refundable redevelopment fee in the amount of Fifty Thousand Dollars ($50,000.00). In addition, Redeveloper shall pay to the Authority a redevelopment fee in the amount of Fifty Thousand Dollars ($50,000.00) on each anniversary date of this Agreement, for a period of ten (10) years. The Authority shall have the right to deduct from incremental taxes received by the Authority that are to be paid to Redeveloper prior to any Reimbursement Obligation as set forth in this Section, any Redevelopment fee, plus interest from the date the Redevelopment fee became due, that is due and owing to the Authority from the Redeveloper.

5.9 Obligation to School District. Prior to reimbursement to Redeveloper for actual Reimbursable Projects Costs from Incremental Property Taxes, School District 11 shall receive 1/12 of the total mill levy exclusive of the Gold Hill Mesa Metropolitan District mill levy on the assessed valuation of property on all Phases within the Development.

6. PLAN REVIEW PROCEDURE

The Redeveloper will submit its plans, design standards, the construction documents, and the uses it proposes for the Project for each phase which shall conform to the Service Plan, the Development Plan, the Concept Plan, and the approvals by the City of Colorado Springs. The Authority shall review and approve the design standards, construction documents and the uses it proposes for the Project and no further approval by the Authority shall be required except for any substantial change in the standards, plans or documents, as the case may be. The Authority shall submit its comments to Redeveloper within thirty (30) days after receipt of the Plans by the Authority. If the Authority rejects the plans or construction documents in whole or in part, it shall deliver its rejection to the Redeveloper in writing, specifying the reasons for rejection. The Redeveloper shall submit new or corrected plans or construction documents for each Phase, or portion thereof, that conform with the requirements of the Agreement. The construction of the Improvements shall conform with the construction documents as approved by the Authority. If the Redeveloper desires to make any substantial changes in the plans or the construction documents for each Phase, or portion thereof, after their approval, the Redeveloper shall submit the proposed changes to the Authority for

approval, which approval shall not be unreasonably withheld. Approvals or rejections of plans or proposed changes shall be made by the Authority within a reasonable period of time and should approval or rejection not be timely made, then it shall be deemed that Approval has been given.

During the period of construction of the Project, the Redeveloper shall provide quarterly to the Authority an updated construction budget with a schedule of values in form and substance reasonably acceptable to the Authority.

7. CONSTRUCTION OF IMPROVEMENTS

7.1 Agreement to Commence and Complete Construction. The Redeveloper shall use its best efforts to commence and complete construction of the Improvements on the Project for all Phases of the Project (or portion thereof as approved by the Authority).

7.2 Progress Reports. Until Completion of Construction of the Improvements, the Redeveloper shall make reports, in such detail and at such times as may reasonably be requested by the Authority, as to its actual progress with respect to construction of the Improvements.

7.3 Insurance Prior to Completion of Construction. At all times while the Redeveloper is engaged in preliminary work on the Project, and until Completion of Construction, the Redeveloper shall maintain, and upon request, shall provide the Authority with proof of payment of premiums and certificates of insurance as follows:

(a) Builder's risk insurance (with a deductible in an amount comparable to the deductibles carried by the Redeveloper on builder's risk insurance policies for similar projects) in an amount equal to 100% of the replacement value of the Improvements at the date of Completion of Construction.

(b) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors completed operations and contractual liability insurance) and umbrella liability insurance with a combined single limit for both bodily injury and Project damage of not less than $2,000,000. Such insurance may carry a deductible in an amount comparable to deductibles carried by the Redeveloper on liability insurance policies for similar projects.

(c) Worker's compensation insurance, with statutory coverage, including the amount of deductible permitted by statute. The policies of insurance required under subparagraphs (a) through (c) above shall be reasonably satisfactory to the Authority and placed with financially sound and reputable insurers.

7.4 Insurance After Completion of Construction. From the Completion of

Construction of the Improvements and until the issuance of a Certificate of Completion, the Redeveloper shall maintain, and upon request of the Authority shall furnish proof of the payment of the premiums on insurance against loss and/or damage to the Improvements covering such risks as are ordinarily insured against by similar businesses, including (without limitation) fire, extended coverage, vandalism and malicious mischief, boiler explosion, water damage, and collapse in an amount not less than full insurable replacement value of the Improvements (determined by the Redeveloper with the carrier on an "agreed—amount" basis); provided, such policy may have a deductible in an amount comparable to deductibles carried by the Redeveloper on such insurance policies for similar projects. All such insurance policies shall be issued by responsible companies selected by the Redeveloper The Redeveloper will deposit annually with the Authority copies of policies or certificates evidencing or stating that such insurance is in force and effect.

7.5 Repair or Reconstruction of Improvements. The Redeveloper shall immediately notify the Authority of any damage to the Improvements exceeding $10,000. If the Improvements are damaged or destroyed by fire or other casualty prior to the issuance of a Certificate of Completion, the Redeveloper, within one hundred and twenty (120) days after such damage or destruction, shall proceed forthwith to repair, reconstruct and restore the damaged Improvements to substantially the same condition or value as existed prior to the damage or destruction, and the Redeveloper will apply the proceeds of any insurance relating to such damage or destruction to the payment or reimbursement of the costs of such repair, reconstruction and restoration (unless other terms and disposition are agreed to between the Redeveloper and the Authority).

7.6 Delivery of Financial Information. Redeveloper agrees to provide to the Authority copies of the annual financial statements of the Redeveloper, audited, if available, and prepared in accordance with generally accepted accounting principals and relating to the Project as such financial statements become available, but in all events, within one hundred twenty (120) days after the end of each of Redeveloper's fiscal years prior to the termination date of this Agreement. The Authority agrees to keep such information confidential and to the extent legally permissible, to treat it as proprietary commercial and financial information, not subject to disclosure under any applicable law. In the event that the Authority is compelled, by a Court of competent jurisdiction to disclose such information, it shall provide prompt notice to the Redeveloper and provide reasonable assistance, at Redeveloper's expense, including the Authority's reasonable attorney fees, to the Redeveloper in seeking a protection order.

7.7 Delivery of Ownership Information. Redeveloper agrees to provide to the Authority a copy of the Redevelopment Agreement between Redeveloper and Owner of the property. Additionally, Redeveloper agrees to provide to the Authority the name and address of all members having an ownership interest in the Project. Further Redeveloper shall provide to the Authority the name and address of each shareholder of the Redeveloper. This information

shall be provided to the Authority within ten (10) days from the date of the signing of this Agreement.

8. CERTIFICATE OF COMPLETION

8.1 Completion of Construction of Improvements. Promptly after Completion of Construction of Improvements and acceptance by the City of Colorado Springs, the Authority will furnish the Redeveloper with a Certificate of Completion in the form attached as Exhibit E. Such Certificate of Completion for all improvements shall be a conclusive satisfaction and termination of the agreements and covenants in this Agreement obligating the Redeveloper to construct the particular Improvement and the dates for the beginning and completing such construction.

8.2 Recordation and Notice. Each Certificate of Completion shall be in such form as will enable it to be recorded. If the Authority refuses or fails to provide any such certification within thirty (30) days after written request for such by the Redeveloper, the Authority shall, within such thirty (30) day period, provide the Redeveloper with a written statement specifying in what respect the Redeveloper has not achieved Completion of Construction or is otherwise in Default, and what measures or acts will be necessary, in the reasonable opinion of the Authority, for the Redeveloper to take or perform in order to obtain such certification. Approval of or delivery of a Certificate of Completion shall not be unreasonably withheld.

9. PUBLIC IMPROVEMENTS

9.1 Covenants to Commence and Complete Construction. Subject to the Redeveloper obtaining the Redeveloper's Financing, the Redeveloper shall promptly begin and diligently prosecute to completion, or cause to be promptly begun and diligently prosecuted to completion, the construction of the Public Improvements described in Plans and Specifications**.**

9.2 Plans and Specifications. The Redeveloper shall prepare the plans and specifications for all Public Improvements required for the Project. The Redeveloper and the City will coordinate their plans and specifications with the design of the Improvements for each Phase of the Project prepared by the Redeveloper.

9.3 Progress Reports. Subsequent to the execution of this Agreement, and until construction of the Public Improvements required by the Agreement has been completed, the Redeveloper shall make reports in such detail and at such times as may be reasonably requested by the Authority as to the progress of the Redeveloper with respect to the commencement, progress and completion of construction of the Public Improvements.

10. REPRESENTATIONS AND WARRANTIES

10.1 Representations and Warranties by the Authority. The Authority represents and warrants that:

(a) The Authority is an urban renewal authority duly organized and existing under the Act. Under the provisions of the Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The activities of the Authority in the Project Area are undertaken for the purpose of eliminating and preventing the development or spread of blight.

(c) The Urban Renewal Plan has been validly adopted in accordance with the Act and is in full force and effect and has not been repealed.

(d) The Authority knows of no litigation or threatened litigation, proceeding or investigation contesting the powers of the Authority or its officials with respect to the Project, the Agreement, the Improvements or the Public Improvements.

10.2 Representations and Warranties by the Redeveloper. The Redeveloper represents and warrants that:

(a) The Redeveloper is a duly organized and validly existing limited liability company under the laws of the State of Colorado in good standing under the laws of Colorado, has the power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement.

(b) The consummation of the transactions contemplated by this Agreement will not violate any provisions of the governing documents of the Redeveloper or constitute a default or result in the breach of any term or provision of any contract or agreement to which the Redeveloper is a party so as to adversely affect the consummation of such transactions.

(c) The Redeveloper knows of no litigation or threatened litigation, proceeding or investigation contesting the powers of the Authority, the Redeveloper with respect to the Project, the Agreement, Redeveloper's Financing or the Improvements.

11. RESTRICTIONS ON ASSIGNMENT AND TRANSFER

11.1 Representations as to Redevelopment. The Redeveloper represents and agrees that its ownership of the Project and its other undertakings under the Agreement are for the purpose

of redevelopment of the Project and not for speculation and land holding. The Redeveloper further represents and agrees that;

(a) the redevelopment of the Project is important to the general welfare of the Authority and the City;

(b) substantial financing and other public aids have been made available by the Authority to make such redevelopment possible;

(c) a transfer of interest in all or part of the Redeveloper, or any other act or transaction resulting in a change in the ownership or control of the Redeveloper, is a transfer or disposition of the Project. Therefore, the qualifications and identity of the Redeveloper and its principals are of particular concern to the Authority. The Redeveloper recognizes that it is because of such qualifications and identity that the Authority is entering into the Agreement with the Redeveloper, and is willing to accept and rely on the obligations of the Redeveloper for the faithful performance of all of its undertakings and covenants under this Agreement.

11.2 Restrictions Against Transfer of Project and Assignment of Agreement Prior to Completion of Construction. The Redeveloper further represents and agrees that:

(a) Except as security for obtaining the Redeveloper's Financing, the Redeveloper will not, prior to the Completion of Construction of the Improvements as certified by the Authority, make, create, or suffer to be made or created, any total or partial sale or transfer in any form of the Agreement, or the Project or any part thereof or any interest therein, or any agreement to do the same, except in the ordinary cause of business, without prior written approval of the Authority. Such approval shall not be unreasonably withheld. For the purposes of this Agreement, transfer shall also include transfer of a majority of the stock ownership interests in the Redeveloper.

(b) The Authority shall be entitled to require, the following as conditions to any such approval:

(i) Any proposed transferee shall have the qualifications and financial responsibility, as reasonably determined by the Authority, necessary to fulfill the obligations of the Redeveloper under the Agreement (or, if the transfer is of or related to part of the Project, such obligation to the extent that they relate to such part).

(ii) Any proposed transferee, by instrument in writing satisfactory to the Authority, shall assume all of the obligations of the Redeveloper under the Agreement and agree to be subject to the conditions and restrictions to which the Redeveloper is subject (or, if the transfer is part of the Project, such obligations,

conditions and restrictions as they apply to such part) or such different obligations approved by the Authority. The fact that any such transferee or successor has not assumed such obligations or so agreed shall not relieve such transferee or successor from such obligations, conditions or restrictions, or limit any rights or remedies of the Authority with respect to the Project or the construction of the Improvements. No transfer of ownership in all or any part of the Project, or any interest therein, however occurring and whether voluntary or involuntary, shall limit the Authority's rights, remedies or controls provided in the Agreement.

(iii) The Redeveloper shall submit to the Authority for review all instruments and other legal documents involved in effecting transfers; and, unless the Authority gives notice of disapproval of a transfer within thirty (30) days after such Redeveloper submittal, such transfer shall be deemed approved by the Authority.

(iv) The Redeveloper and its transferee shall comply with such other reasonable conditions as the Authority may reasonably require to safeguard the purposes of the Act and the Urban Renewal Plan. The Redeveloper may enter into any agreements to sell, lease or transfer all or part of the Project or the Improvements after the issuance of a Certificate of Completion. Unless the Redeveloper otherwise agrees in writing, upon the written approval of the Authority of a transfer of all or part or any interest in the Project, the Agreement or the Redeveloper, the Redeveloper or any other party bound by the Agreement shall be relieved of its obligations under the Agreement to the extent of such transfer or the interest in the Project, Agreement or Redeveloper included in such transfer.

11.3 Information as to Interest Holders. During the period between execution of the Agreement and Completion of Construction of the Improvements as certified by the Authority, the Redeveloper will promptly notify the Authority of any and all changes in the ownership of interests, legal or beneficial, or of any other transaction resulting in any change in the ownership of such interests or in the relative distribution thereof, or with respect to the identity of the parties in control of the Redeveloper or the degree thereof, of which it or any of its parties have been notified or otherwise have knowledge or information. The Redeveloper shall furnish to the Authority a copy of any amendments to its articles of organization required to be filed with appropriate authorities in Colorado.

12. MORTGAGE FINANCING; RIGHTS OF MORTGAGEES

12.1 Mortgagee Not Obligated to Construct. The holder of any mortgage, including a holder who obtains title to all or part of the Project as a result of foreclosure proceedings, or

action in lieu thereof (but not including any other party who acquires title to the Project at or after a foreclosure sale), shall not be obligated by this Agreement to construct or complete the Improvements; provided, that nothing in this Agreement shall permit a Holder to devote any part of the Project to any uses or to construct any improvements thereon, other than those uses or improvements permitted in the Urban Renewal Plan, as amended, and the Agreement and specifically approved in writing by the Authority.

12.2 Mortgagee's Option to Cure Defaults. After any Default, and after any grace period for the cure of such Default by the Redeveloper has expired, any holder shall (insofar as the rights of the Authority are concerned) have the right, at its option, to cure or remedy such Default (or such Default to the extent that it relates to the part of the Project covered by its mortgage) within sixty (60) days and to add the cost thereof to the mortgage debt and the lien of its mortgage; but if the Default involves construction of the Improvements, the holder may not construct or complete construction of the Improvements without first having agreed as follows: not later than sixty (60) days after expiration of the time given the Redeveloper by this Agreement to cure said Default, the holder shall give written notice to the Authority of its intention to undertake, continue or complete the construction of the Improvements in accordance with this Agreement and shall undertake such construction within sixty (60) days after obtaining possession of the Project through foreclosure proceedings or through a deed in lieu of foreclosure. Any holder who properly completes the Improvements relating to the Project or applicable part thereof shall be entitled, upon written request, to a Certificate of Completion in accordance with section

12.3 Authority's Option to Pay Mortgage Debt or Purchase Project. If after a Default by the Redeveloper under this Agreement or the Deed, a holder fails to exercise its option to construct or complete the Improvements and has not acted to protect its rights to cure such defaults or begins but does not complete such construction within the period agreed upon by the Authority and the holder, and the Default has not been cured within sixty (60) days after written demand by the Authority (or if such Default cannot be cured in said period, the holder has failed to commence to cure such default within such period), the Authority shall have the option of paying to the holder the amount of its mortgage debt and taking an assignment of the Mortgage or, if the holder is in title to all or part of the Project, the Authority shall be entitled, at its option, to a conveyance to it of the Project or part thereof upon payment to the holder of:

(a) the mortgage debt at the time of foreclosure or action in lieu thereof (less all credits, including rental and other income received during foreclosure proceedings); and

(b) reasonable foreclosure expenses; and

(c) the costs of improvements approved by the Authority and made by the holder.

12.3 Authority's Option to Cure Mortgage Default. If there is a Default under the Agreement prior to Completion of Construction of the Improvements by the Redeveloper or if Redeveloper breaches any obligations to the holder of any Mortgage or other instrument creating an encumbrance or lien upon all or any part of the Project, the Authority may at its option cure such default or breach within sixty (60) days after the time provided by any agreement or by law for the Redeveloper to remedy or cure (or if such default cannot be cured in said period, the Authority shall commence to cure such default within such period), in which case the Authority, in addition to and without limitation upon any other rights or remedies to which it is entitled by the Agreement, operation of law or otherwise, shall be entitled to reimbursement from the Redeveloper of all costs and expenses incurred by the Authority in curing such default or breach, and to a lien upon the Project (or the applicable part thereof) for such reimbursement; provided, that any such lien shall be subject always to the lien (including liens contemplated because of advances yet to be made) of any Mortgage authorized by the Agreement.

13. TERMINATION

13.1 Redeveloper's Option to Terminate. The Redeveloper may terminate this Agreement if:

(a) the City Council of the City fails to approve amendments to the Urban Renewal Plan or zoning changes reasonably acceptable to the Redeveloper to make possible the redevelopment of the Project in accordance with the Concept Plan; or

(b) after reasonable good faith efforts, the Redeveloper fails to obtain the Redeveloper's Financing for any Phase or portion thereof (as approved by the Authority) within a reasonable period of time.

13.2 Authority's Option to Terminate. The Authority may terminate this Agreement if:

(a) the Redeveloper fails to present evidence that it has obtained the Redeveloper's Financing for each Phase of the Project or portion thereof (as approved by the Authority) within a reasonable period of time; or

(b) the City Council of the City fails to approve Amendments to the Urban Renewal Plan or zoning changes to make possible the redevelopment of the Project in accordance with the Concept Plan.

13.3 Action to Terminate. If a party wishes to terminate this Agreement written notice of termination, stating the reasons for termination under sections 13.1 or 13.2, as applicable, must be given by the terminating party to the non-terminating party within sixty (60)days after such event or condition occurs which gives the right to terminate; otherwise, such termination

rights are waived with respect to such events, and such events only. Termination is effective on the effective date of such properly given notice.

13.4 Effect of Termination. If this Agreement is terminated the covenants and obligations of this Agreement that survive such termination shall remain in full force and effect the parties agree to execute such mutual releases or other instruments reasonably required to effectuate and give notice of such termination.

14. EVENTS OF DEFAULT; REMEDIES

14.1 Events of Default by Redeveloper. Default or an Event of Default by Redeveloper under the Agreement shall mean one or more of the following events:

(a) the Redeveloper assigns or attempts to assign the Agreement, or the Project, or any rights in either; or

(b) there is any change in the ownership of the Redeveloper or in the identity of the parties in control of the Redeveloper that violates this Agreement; or

(c) Redeveloper fails to provide the plans or Construction Documents as required; or

(d) Redeveloper fails to commence, diligently pursue and complete construction of the Improvements for each Phase of the Project as required; or

(e) a holder of a mortgage exercises any remedy provided by loan documents, law or equity that materially interferes with the construction of the Improvements; or

(f) Redeveloper fails to observe or perform any material and substantial covenant, obligation or agreement required of it under the Agreement or to make good faith efforts to obtain Redeveloper' s Financing;

and if such Event or Events of Default are not cured within the time provided in section 14.3 then the Authority may exercise any remedy available under section 14.4 of the Agreement.

14.2 Events of Default by the Authority. Default or an Event of Default by the Authority under the Agreement shall mean one or more of the following events:

(a) the Authority fails to observe or perform any material and substantial covenant, obligation or agreement required of it under the Agreement; and if such Event or Events of Default are not cured within the time provided in section 14.3 then the Redeveloper may exercise any remedy available under section 14.4 of the Agreement.

14.3 Grace Periods. Upon the occurrence of an Event of Default by either party, such party shall, upon written notice from the other, proceed immediately to cure or remedy such Default and, in any event, such Default shall be cured within thirty (30) days [ninety (90) days if the Default relates to the date for Completion of Construction of Improvements] after receipt of such notice, or such cure shall be commenced and diligently pursued to completion within a reasonable time if curing cannot be reasonably accomplished within thirty (30) days [or ninety (90) days if the Default relates to the date for Completion of Construction of Improvements].

14.4 Remedies on Default. Whenever any Event of Default occurs and is not cured under section 13.3 of this Agreement, the non-defaulting party may take any one or more of the following actions:

(a) Suspend performance under the Agreement until it receives assurances from the defaulting party, deemed adequate by the non-defaulting party, that the defaulting party will cure its default and continue its performance under the Agreement;

(b) cancel and rescind the Agreement;

(c) in the case of the Authority, withhold the Certificate of Completion;

(d) take whatever legal or administrative action or institute such proceedings as may be necessary or desirable in its opinion to enforce observance or performance, including, but not limited to, specific performance or to seek any other right or remedy at law or in equity, including damages.

14.5 Delays/Waivers. Except as otherwise expressly provided in the Agreement, any delay by either party in asserting any right or remedy under this Agreement shall not operate as a waiver of any such right or deprive it of or limit such rights in any way; nor shall any waiver in fact made by such party with respect to any default by the other party under this Agreement be considered as a waiver of rights with respect to any other Default by the other party under this Agreement or with respect to the particular Default except to the extent specifically waived in writing. It is the intent of the parties that this provision will enable each party to avoid the risk of being limited in the exercise of any right or remedy provided in this Agreement by waiver, laches or otherwise at a time when it may still hope to resolve the problems created by the Default involved.

14.6 Enforced Delay in Performance for Causes Beyond Control of Party. Neither the Authority nor the Redeveloper, as the case may be, shall be considered in Default of its obligations under this Agreement in the event of enforced delay due to causes beyond its control and without its fault or negligence, including, but not restricted to, acts of God, acts of the public

enemy, acts of the Federal, State or local government, acts of the other party, acts of third parties (including the effect of any litigation or petitions for initiative and referendum), the rights of occupants of the Project to remain on the Project for the period specified in the Authority's relocation plan, acts or orders of courts, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather or delays of subcontractors or materialmen due to such causes. In the event of the occurrence of any such enforced delay, the time or times for performance of the obligations of the party claiming delay shall be extended for a period of the enforced delay; provided that the party seeking the benefit of the provisions of this section shall, within fourteen (14) days after such party knows of any such enforced delay, first notify the other party of the specific delay in writing and claim the right to an extension for the period of the enforced delay. Delays due to general economic or market conditions shall not be considered a cause allowing a delay under this section 14.6.

14.7 Rights and Remedies Cumulative. The rights and remedies of the parties to this Agreement are cumulative and the exercise by either party of any one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other right or remedies for any other Default by the other party.

15. INDEMNITY

15.1 General Indemnity. The Redeveloper covenants and agrees, at its expense, to pay, and to indemnify, defend and hold harmless the Authority, and its board of commissioners, officers, agents, employees, engineers and attorneys (collectively, "Indemnified Parties" or singularly, each an "Indemnified Party") of, from and against, any and all claims, damages, demands, expenses (including reasonable attorneys' fees and court costs), and liabilities resulting directly or indirectly from the Redeveloper's development, construction, repair, maintenance, management, leasing, sale, and any other conduct or activities with respect to the Project, unless such claims, damages, demands, expenses, or liabilities, arise solely by reason of the negligent act or omission of the Authority or other indemnified parties.

15.2 Environmental Indemnification. Without limiting the foregoing, the Redeveloper hereby agrees to indemnify, defend and hold harmless the Indemnified Parties from and against any and all Environmental Liabilities and by whomever asserted.

As used in this Section, "Environmental Liabilities" shall mean any obligations or liabilities (including any claims, demands, actions, suits, judgments, orders, writs, decrees, permits or injunctions imposed by any court, administrative agency, tribunal or otherwise, or other assertions of obligations and liabilities) that are:

(a) related to protection of the environment or human health or safety and involving the Project (including, but not limited to, on-site or off-site contamination by Pollutants and occupational safety and health); and

(b) involving the Project and arising out of, based upon or related to (i) the Environmental Laws, or (ii) any judgment, order, writ, decree, permit or injunction imposed by any court, administrative agency, tribunal or otherwise.

The term "Environmental Liabilities" shall include, but not be limited to: (x) fines, penalties, judgments, awards, settlements, losses, damages (including foreseeable and unforeseeable consequential damages), costs, fees (including attorneys' and consultants' fees), expenses and disbursements; (y) defense and other responses to any administrative or judicial action (including claims, notice letters, complaints, and other assertions of liability); and (z) financial responsibility for (i) cleanup costs and injunctive relief, including any removal, remedial or other response actions, and natural resources damages, (ii) any other compliance or remedial measures, and (iii) bodily injury, wrongful death, and Project damage.

The terms "removal," "remedial" and "response" action shall include the types of activities covered by CERCLA, as amended, and whether the activities are those which might be taken by a government entity or those which a government entity might seek to require of waste generators, storers, treaters, owners, operators, transporters, disposers or other persons under "removal," "remedial," or other "response" actions.

15.3 Redeveloper's Covenants and Indemnity Concerning Americans with Disabilities Act. Developer, its successor and assigns, covenant and warrant and represent that the Project shall at all times be in compliance with all applicable requirements of the Americans with Disabilities Act of 1990 (the "ADA"). Without limiting the general indemnities given herein, Redeveloper agrees to and does hereby protect, defend, indemnify and hold the Indemnified Parties harmless from and against any and all liability threatened against or suffered by the Indemnified Parties by reason of a breach by Redeveloper of the foregoing representation and warranty. The foregoing indemnity shall include the cost of all alterations to the Project, including but not limited to architectural, engineering, legal and accounting costs; all fines, fees and penalties; and all legal and other expenses including attorney fees, incurred in connection with the Project being violation of the ADA, including defenses of charges and claims that the Project is in such violation of and for the cost of collection of the sums due under this section. The obligations of Redeveloper under this section shall survive for five (5) years following the Termination Date.

15.4 Indemnification Procedures.

(a) If any claim relating to the matters indemnified against pursuant to this Agreement is asserted against an Indemnified Party that may result in any damage for which any Indemnified Party is entitled to indemnification under this Agreement, then the Indemnified Party shall promptly give notice of such claim to the Redeveloper.

(b) Upon receipt of such notice, the Redeveloper shall have the right to undertake, by counsel or representatives of its own choosing, the good faith defense, compromise or settlement of the claim, such defense, compromise or settlement to be undertaken on behalf of the Indemnified Party.

(c) The Indemnified Party shall cooperate with the Redeveloper in such defense at the Redeveloper's expense and provide the Redeveloper with all information and assistance reasonably necessary to permit the Redeveloper to settle and/or defend any such claim.

(d) The Indemnified Party may, but shall not be obligated to, participate at its own expense in a defense of the claim by counsel of its own choosing, but the Redeveloper shall be entitled to control the defense unless the Indemnified Party has relieved the Redeveloper from liability with respect to the particular matter.

(e) If the Redeveloper elects to undertake such defense by its own counsel or representatives, the Redeveloper shall give notice of such election to the Indemnified Party within ten (10) days after receiving notice of the claim from the Indemnified Party.

(f) If the Redeveloper does not so elect or fails to act within such period of ten (10) days, the Indemnified Party may, but shall not be obligated to, undertake the sole defense thereof by counsel or other representatives designated by it, such defense to be at the expense of the Redeveloper.

(g) The assumption of such sole defense by the Indemnified Party shall in no way affect the indemnification obligations of the Redeveloper provided, that no settlement of any claim shall be effected without the Redeveloper's consent.

16. MISCELLANEOUS

16.1 Conflicts of Interest. None of the following shall have any interest, direct or indirect, in the Agreement: a member of the governing body of the Authority or of the City, an employee of the Authority or of the City who exercises responsibility concerning the Project, or an individual or firm retained by the City or the Authority who has performed consulting services in connection with the Project. None of the above persons or entities shall participate in any decision relating to the Agreement that affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is directly or indirectly interested.

16.2 Titles of Sections. Any titles of the several parts and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

16.3 Incorporation of Exhibits. All exhibits attached to the Agreement are incorporated into and made a part of the Agreement.

16.4 No Third-Party Beneficiaries. Except for specific rights in favor of Mortgagees, a trustee, no third-party beneficiary rights are created in favor of any person not a party to the Agreement.

16.5 Applicable Law. The laws of the State of Colorado.

16.6 Binding Effect. The Agreement shall be binding on the parties hereto, and their successors and assigns.

16.7 Integrated Contract. This Agreement is an integrated contract, and invalidation of any of its provisions by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

16.8 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which shall constitute but one and the same instrument.

16.9 Notices. A notice, demand, or other communication under this Agreement by any party to the other shall be sufficiently given if delivered in person or if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

(a) in the case of the Redeveloper, is addressed to or delivered to the Redeveloper as follows:

Gold Hill Mesa Partners, LLC
1040 South 8th Street
Suite 101
Colorado Springs, CO 80906

with a copy to:

Peter M. Susemihl
Susemihl, McDermott & Cowan P.C.
660 Southpointe
Suite 210
Colorado Springs, CO 80906

(b) in the case of the Authority, is addressed to or delivered personally to the Authority as follows:

The Urban Renewal Authority of the City of
Colorado Springs, Colorado
104 S. Cascade Avenue, Suite 208
Colorado Springs, CO 80903

with a copy to:

Dan S. Hughes, Esq.
524 S. Cascade Avenue, Suite 2
Colorado Springs, CO 80903

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other as provided in this section. Notice is deemed to be given on the date received (if mailed according to this section), or on the date delivered (if personally delivered in accordance with this section).

16.10 Good Faith of Parties. Except in those instances where the Redeveloper may act in its sole discretion, in performance of the Agreement or in considering any requested extension of time, the parties agree that each will act in good faith and will not act unreasonably, arbitrarily, capriciously or unreasonably withhold any approval required by the Agreement.

16.11 Days. If the day for any performance or event provided for herein is a Saturday, Sunday, or other day on which either national banks or the office of the Clerk and Recorder of El Paso County, Colorado are not open for the regular transaction of business, such day therefor shall be extended until the next day on which said banks and said office are open for the transaction of business.

16.12 Further Assurances. The parties hereto agree to execute such documents, and take such action, as shall be reasonably requested by the other party hereto to confirm or clarify the intent of the provisions hereof and to effectuate the agreements herein contained and the intent hereof.

16.13 Estoppel Certificate. The parties hereto agree to execute such documents as the other party hereto shall reasonably request to verify or confirm the status of this Agreement and of the performance of the obligations hereunder and such other matters as the requesting party shall reasonably request.

16.14 Amendments. This Agreement shall not be amended except by written instrument. Each amendment hereof, which is in writing and signed and delivered by the parties hereto shall be effective to amend the provisions hereof, and no such amendment shall require the consent or approval of any other party.

16.15 Non-Liability of Certain Officials, Employees and Individuals. Except for willful and wanton actions, no City Council member, Authority Board member, official, attorney for the Authority or City Attorney, or employee or the Authority or the City shall be personally liable to the Redeveloper for any Event of Default by the Authority or for any amount that may become due to the Redeveloper under the terms of this Agreement. Nothing in this section 16.15 or this Agreement is to be construed as a waiver of any limitations upon or immunity from suits against the City, the Authority, or City or Authority Board of Council members, officials, above-named agents or employees of the Authority or the City, as may be provided by law. Except for willful and wanton actions, no member or manager, employee or attorney of the Redeveloper shall be personally liable to the Authority for any amount that may become due to the Authority under the terms of the Agreement. Nothing herein is to be construed to limit the liability of any individual, member, manager or transferees who become personal signatories to the Agreement, or any modification thereof.

16.16 Agreement Jointly Drafted. The Agreement shall be construed as if jointly drafted by the parties.

16.17 Assignment of Agreement Pledge or Payments. The parties mutually represent and agree that the Authority may assign its right, title and interest (but not its duties) in the Agreement to a trustee as part of the Authority's Financing and the Redeveloper may be required to assign its right, title and interest in the Agreement (but not duties) to a Mortgagee in connection with the Redeveloper's Financing or as part of a transaction to provide the Redeveloper's Financing. If there is a default under the indenture agreement between the Authority and trustee, this Agreement may be enforced by the trustees on behalf of mortgagees. If there is a default under a note or any other agreement or document delivered by the Redeveloper in connection with the Redeveloper's Financing or as part of a transaction to provide the Redeveloper's Financing, this Agreement may be enforced by a Mortgagee or other such beneficiary.

16.18 Authority Not A Partner; Redeveloper Not Authority's Agent. Notwithstanding any language in this Agreement or any other Agreement, representation or warranty to the contrary, the Authority shall not be deemed or constituted a partner or joint venturer of the Redeveloper, the Redeveloper shall not be the agent of the Authority and the Authority shall not be responsible for any debt or liability of the Redeveloper.

IN WITNESS WHEREOF, the Authority and the Redeveloper have caused this Agreement to be duly executed as of the day first above written.

URBAN RENEWAL AUTHORITY OF THE CITY OF COLORADO SPRINGS

Chairman

ATTEST:

_____

GOLD HILL MESA PARTNERS, LLC

_____

Manager

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT B
PUBLIC IMPROVEMENTS

EXHIBIT C
REIMBURSABLE PROJECT COST**S**
AND INCREMENTAL TAXES

EXHIBIT E
CERTIFICATE OF COMPLETION

The Urban Renewal Authority of the City of Colorado Springs, Colorado, a body corporate and politic of the State of Colorado (the "Authority") whose street address is 104 S. Cascade Avenue, Suite 25, Colorado Springs, Colorado 80903 hereby certifies that the improvements ("Improvements") constructed on the Project described in Exhibit A, attached hereto and hereby made a part hereof, conform with (1) the uses specified in the Urban Renewal Plan dated **May 25,** 2004, which Plan, as amended is incorporated herein by reference and (2) the requirements set forth in the Urban Renewal Agreement (the "Agreement") between the Authority and the Redeveloper dated _____, 2005 which Agreement is incorporated herein by reference, with respect to agreement to commence and complete construction of the Improvements on the Project.

This Certificate of Completion shall be a conclusive determination that the Improvements comply with the requirements for Completion of construction of Improvements contained in the Agreement.

Signed and delivered this ____ day of _____, 200_.

THE URBAN RENEWAL AUTHORITY OF THE CITY OF COLORADO SPRINGS, COLORADO